

SWELLENDAM

WC034



UNAUDITED

FINANCIAL STATEMENTS

2016/17

SWELLENDAM

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SWELLENDAM LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Swellendam is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Swellendam Municipality includes the following areas:

Swellendam
Barrydale
Suurbraak
Buffeljagrsivier
Malagas
Infanta

MAYOR

Mr N.G. Myburgh

MAYORAL COMMITTEE

Mr N.G. Myburgh - Executive Mayor
Mr A.M Pokwas Executive Deputy Mayor
Ms E.J Lambrecht
Mr.H.F du Rand

ACTING MUNICIPAL MANAGER

Mr H. Schlebusch

CHIEF FINANCIAL OFFICER

Mr H. Schlebusch

REGISTERED OFFICE

49 Voortrek Street
SWELLENDAM
6740

AUDITORS

Auditor General South Africa
Private Bag X1,
Chempet, 7442

PRINCIPLE BANKERS

ABSA BANK ,67 Voortrek Street , Swellendam

ATTORNEYS

Powell Kelly Veldman, P.O. Box 18, Swellendam

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

SWELLENDAM LOCAL MUNICIPALITY

MEMBERS OF THE SWELLENDAM LOCAL MUNICIPALITY

WARD

Ward 1
Ward 2
Ward 3
Ward 4
Ward 5
Ward 6
Proportional
Proportional
Proportional
Proportional
Proportional

COUNCILLOR

Cllr J. Lambrecht
Cllr J.C Nortje
Cllr M.G.du Plessis
Cllr H.F.du Rand
Cllr G.Libazi
Cllr J.A. Matthysen
Cllr N.G Myburgh
Cllr A.M. Pokwas
Cllr B.O.Sonqwenqwe
Cllr J.C.M.J Koch
Cllr M.T.Swart

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of the annual financial statements for the year ended 30 June 2017, which are set out on pages 1 to 88 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr H.B SCHLEBUSCH

ACTING MUNICIPAL MANAGER

Date:

31/8/2017.

SWELLENDAM LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		254 527 546	242 534 258
Housing Development Fund	2	3 669 068	3 653 687
Capital Replacement Reserve	2	10 000 000	10 000 000
Accumulated Surplus/(Deficit)		240 858 478	228 880 571
Non-Current Liabilities		87 123 351	84 239 644
Long-term Liabilities	3	33 079 562	35 490 174
Employee Benefits	4	35 525 526	31 323 382
Non-Current Provisions	5	18 518 263	17 426 087
Current Liabilities		53 619 809	42 997 641
Consumer Deposits	6	1 487 147	1 374 791
Current Employee benefits	7	8 466 994	6 870 210
Provisions	8	16 133 249	15 147 776
Payables from exchange transactions	9	13 597 765	12 652 454
Unspent Conditional Government Grants and Receipts	10	11 504 569	3 899 260
Current Portion of Long-term Liabilities	3	2 430 085	3 053 150
Total Net Assets and Liabilities		395 270 706	369 771 544
ASSETS			
Non-Current Assets		305 664 996	300 485 954
Property, Plant and Equipment	13	275 204 085	267 126 742
Investment Property	14	24 646 207	25 031 691
Intangible Assets	15	416 894	477 519
Heritage Assets	16	2 323 964	2 323 964
Capitalised Restoration Costs	17	3 073 846	5 526 037
Current Assets		89 605 710	69 285 590
Inventory	18	11 156 591	10 929 616
Receivables from exchange transactions	19	8 369 575	8 019 780
Receivables from non-exchange transactions	20	16 520 523	12 349 157
Operating Lease Asset	21	38 279	44 384
Unpaid Conditional Government Grants and Receipts	10	-	-
Taxes	12	1 793 239	1 509 018
Cash and Cash Equivalents	22	51 727 503	36 433 634
Total Assets		395 270 706	369 771 544
Balance		0.00	0.00

SWELLEN DAM LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 (Actual) R	2016 (Restated) R	Correction of error R	2016 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		117 788 225	118 148 225	-	118 148 225
Taxation Revenue		32 603 168	29 286 470	-	29 286 470
Property taxes	23	32 603 168	29 286 470	-	29 286 470
Transfer Revenue		49 337 117	60 642 521	-	60 642 521
Government Grants and Subsidies - Capital	24	14 242 358	15 637 906	-	15 637 906
Government Grants and Subsidies - Operating	24	35 094 759	45 004 615	-	45 004 615
Other Revenue		35 847 940	28 219 235	-	28 219 235
Actuarial Gains	4	2 800 008	2 120 324	-	2 120 324
Fines		33 047 932	26 098 911	-	26 098 911
Revenue from Exchange Transactions		113 006 457	105 863 975	-	105 863 975
Service Charges	25	100 363 529	90 488 103	-	90 488 103
Rental of Facilities and Equipment		1 386 567	1 402 826	-	1 402 826
Interest Earned - external investments		3 535 777	2 774 407	-	2 774 407
Interest Earned - outstanding debtors		1 728 511	1 913 804	-	1 913 804
Licences and Permits		939 863	874 758	-	874 758
Agency Services		1 663 701	1 522 810	-	1 522 810
Other Income	26	2 256 753	2 284 740	-	4 919 063
Reversal of impairments	32	-	93 368	-	93 368
Debt Impairment reversal	30	-	2 634 323	-	-
Contributed Assets		85 810	58 000	-	58 000
Stock Adjustments		8 081	-	-	-
Gain on disposal of Property, Plant and Equipment		1 037 865	1 816 837	-	1 816 837
Total Revenue		230 794 681	224 012 200	-	224 012 200
EXPENDITURE					
Employee related costs	27	74 871 857	64 636 693	-	64 636 693
Remuneration of Councillors	28	4 379 308	3 654 804	-	3 654 804
Debt Impairment	29	19 255 415	11 626 360	-	16 714 934
Bad debts written-off	29	3 363 702	5 088 574	-	-
Depreciation and Amortisation	30	9 045 324	8 745 494	(1 784 354)	10 529 848
Impairments/Write- offs	31	240 172	22 860	-	22 860
Repairs and Maintenance		13 088 438	10 960 481	-	10 960 481
Actuarial losses	4	28 817	57 553	-	57 553
Finance Charges	32	9 145 271	10 251 688	(281 798)	10 533 486
Bulk Purchases	33	50 442 322	46 133 748	-	46 133 748
Grants and Subsidies	34	1 484 018	1 443 000	-	1 443 000
Stock Adjustments		-	327 681	-	327 681
General Expenses	35	31 859 300	42 173 298	-	42 173 297
Loss on disposal of Property, Plant and Equipment		1 676	30 954	-	30 954
Total Expenditure		217 205 621	205 153 188	(2 066 153)	207 219 340
NET SURPLUS/(DEFICIT) FOR THE YEAR		13 589 060	18 859 013	2 066 153	16 792 861
		-	-		
	2172056	13 589 060	18 859 013		
	0				

SWELLENDAM LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2015	3 624 369	5 000 000	200 692 092	209 316 461
Change in accounting policy		-	-	-
Correction of error		-	14 358 785	14 358 785
Restated Balance at 1 JULY 2015	3 624 369	5 000 000	215 050 877	223 675 246
Net Surplus for the year		-	18 859 012	18 859 012
Transfer to housing	29 318		(29 318)	-
Transfer from Capital Replacement Fund (Capital expenditure)		(1 728 544)	1 728 544	
Transfer to Capital Replacement Fund		6 728 544	(6 728 544)	-
Balance at 30 JUNE 2016	3 653 687	10 000 000	228 880 571	242 534 258
Net Surplus for the year	-	-	13 589 060	13 589 060
Correction of errors			(1 595 772)	
Transfer from housing	15 380		(15 380)	-
Housing Loans written off				-
Transfer from Capital Replacement Fund (Capital expenditure)		(547 792)	547 792	
Transfer to Capital Replacement Fund		547 792	(547 792)	-
Balance at 30 JUNE 2017	3 669 067	10 000 000	240 858 479	256 123 318

SWELLENDAM LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 JUNE 2017 R	30 JUNE 2016 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		147 730 910	143 659 043
Government		57 282 187	57 561 848
Interest		5 264 288	4 688 211
Payments			
Suppliers and employees		(166 069 026)	(180 280 080)
Finance charges	32	(9 145 271)	(10 251 688)
Transfers and Grants		(1 484 018)	(1 443 000)
Cash generated by operations	37	33 579 069	13 934 334
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(16 604 404)	(17 619 760)
Proceeds on Disposal of Fixed Assets		1 252 640	4 241 023
Purchase of Intangible Assets		(12 114)	(64 667)
Decrease in Long-term Receivables			
Net Cash from Investing Activities		(15 363 878)	(13 443 404)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(3 033 678)	(2 933 630)
New loans raised			2 245 920
Increase in Consumer Deposits		112 357	(35 175)
Net Cash from Financing Activities		(2 921 322)	(722 885)
NET INCREASE IN CASH AND CASH EQUIVALENTS		15 293 869	(231 956)
Cash and Cash Equivalents at the beginning of the year		36 433 634	36 665 590
Cash and Cash Equivalents at the end of the year	38	51 727 503	36 433 634
NET INCREASE IN CASH AND CASH EQUIVALENTS		15 293 869	(231 956)
		0	(0)

SWELLENDAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)
ASSETS			
Current assets			
Cash	51 727 503	31 373 000	20 354 503
Call Investment deposits		5 000 000	
Consumer debtors	24 890 097	11 924 000	12 966 097
Other Receivables	1 831 518	18 000 000	(16 168 482)
Current portion of long-term receivables		78 000	(78 000)
Inventory	11 156 591	12 794 000	(1 637 409)
Total current assets	89 605 710	79 169 000	15 436 709.76
Non current assets			
Long-term receivables		167 000	-167 000.00
Investment property	24 646 207	19 668 000	4 978 207
Property, plant and equipment	278 277 931	249 415 000	28 862 931
Intangible Assets	416 894	237 000	179 894
Heritage Assets	2 323 964	2 425 000	(101 036)
Total non current assets	305 664 996	271 912 000	33 919 996.05
TOTAL ASSETS	395 270 706	351 081 000	49 356 705.82
LIABILITIES			
Current liabilities			
Borrowing	2 430 085	2 249 000	181 085
Consumer deposits	1 487 147	1 539 000	(51 853)
Trade and other payables	25 102 333	25 228 000	(125 667)
Provisions and Employee Benefits	24 600 243	11 612 000	12 988 243
Total current liabilities	53 619 809	40 628 000	12 991 809
Non current liabilities			
Borrowing	33 079 562	30 120 000	2 959 562
Provisions and Employee Benefits	54 043 789	30 844 000	23 199 789
Total non current liabilities	87 123 351	60 964 000	26 159 351
TOTAL LIABILITIES	140 743 160	101 592 000	39 151 160
NET ASSETS	254 527 546	249 489 000	10 205 546
COMMUNITY WEALTH			
Accumulated Surplus/(Deficit)	240 858 478	240 689 000	169 478
Reserves	13 669 068	8 800 000	4 869 068
TOTAL COMMUNITY WEALTH/EQUITY	254 527 546	249 489 000	5 038 546

SWELLEN DAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
ASSETS			
Current assets			
Cash	26 531 000	4 842 000	31 373 000
Call investment deposits	5 000 000	-	5 000 000
Consumer debtors	11 924 000	-	11 924 000
Other Receivables	18 000 000	-	18 000 000
Current portion of long-term receivables	78 000	-	78 000
Inventory	12 794 000	-	12 794 000
Total current assets	74 327 000	4 842 000	79 169 000
Non current assets			
Long-term receivables	167 000	-	167 000
Investment property	19 668 000	-	19 668 000
Property, plant and equipment	249 151 000	264 000	249 415 000
Intangible Assets	237 000	-	237 000
Heritage Assets	2 425 000	-	2 425 000
Total non current assets	271 648 000	264 000	271 912 000
TOTAL ASSETS	345 975 000	5 106 000	351 081 000
LIABILITIES			
Current liabilities			
Bank overdraft		-	
Borrowing	2 249 000	-	2 249 000
Consumer deposits	1 539 000	-	1 539 000
Trade and other payables	25 228 000	-	25 228 000
Provisions and Employee Benefits	11 612 000	-	11 612 000
Total current liabilities	40 628 000	-	40 628 000
Non current liabilities			
Borrowing	30 120 000	-	30 120 000
Provisions and Employee Benefits	30 844 000	-	30 844 000
Total non current liabilities	60 964 000	-	60 963 000
TOTAL LIABILITIES	101 592 000	-	101 592 000
NET ASSETS	244 384 000	5 106 000	249 489 000
COMMUNITY WEALTH			
Accumulated Surplus/(Deficit)	235 584 000	5 105 000	240 689 000
Reserves	8 800 000	-	8 800 000
TOTAL COMMUNITY WEALTH/EQUITY	244 384 000	5 105 000	249 489 000

SWELLEN DAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)
REVENUE BY SOURCE			
Property rates	32 603 168	31 958 000	645 168
Service charges	100 363 529	99 088 000	1 275 529
Rental of facilities and equipment	1 386 567	1 367 000	19 567
Interest earned - external investments	3 535 777	2 330 000	1 205 777
Interest earned - outstanding debtors	1 728 511	1 725 000	3 511
Actuarial Gains	2 800 008		2 800 008
Fines	33 047 932	26 074 000	6 973 932
Licences and permits	939 863		939 863
Agency services	1 663 701	2 468 000	(804 299)
Government Grants and Subsidies - Operating	35 094 759	51 398 000	(16 303 241)
Other revenue	2 350 644	1 685 000	665 644
Gains on disposal of PPE	1 037 865	1 300 000	(262 135)
Total Operating Revenue	216 552 323	219 392 000	(2 840 677)
EXPENDITURE BY TYPE			
Employee related costs	74 871 857	76 177 000	(1 305 143)
Remuneration of councillors	4 379 308	4 666 000	(286 692)
Debt impairment	19 255 415	20 000 000	(744 585)
Depreciation & asset impairment	9 285 496	9 288 000	(2 504)
Finance charges	9 145 271	6 093 000	3 052 271
Actuarial losses	28 817		28 817
Bulk purchases	50 442 322	52 615 000	(2 172 678)
Grants and subsidies paid	1 484 018	1 490 000	(5 982)
Other expenditure	44 947 739	63 450 000	(18 502 262)
Loss on disposal of PPE	1 676	-	1 676
Total Operating Expenditure	213 841 919	233 780 000	(19 937 081)
Operating Surplus/(Deficit) for the year	2 710 404	(14 388 000)	17 098 404
Government Grants and Subsidies - Capital	14 242 358	18 079 000	(3 836 642)
Net Surplus for the year	16 952 762	3 691 000	13 261 762

SWELLEN DAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
REVENUE BY SOURCE			
Property rates	31 859 000	99 000	31 958 000
Property rates - penalties & collection charges		-	-
Service charges	96 581 000	2 507 000	99 088 000
Rental of facilities and equipment	1 190 000	177 000	1 367 000
Interest earned - external investments	1 800 000	530 000	2 330 000
Interest earned - outstanding debtors	2 150 000	(425 000)	1 725 000
Fines	24 464 000	1 610 000	26 074 000
Agency services	2 410 000	58 000	2 468 000
Government Grants and Subsidies - Operating	48 943 000	2 455 000	51 398 000
Other revenue	1 710 000	(25 000)	1 685 000
Gains on disposal of PPE	2 000 000	(700 000)	1 300 000
Total Operating Revenue	213 107 000	6 287 000	219 392 000
EXPENDITURE BY TYPE			
Employee related costs	76 468 000	(291 000)	76 177 000
Remuneration of councillors	5 166 000	(500 000)	4 666 000
Debt impairment	20 000 000	-	20 000 000
Depreciation & asset impairment	9 288 000	-	9 288 000
Finance charges	6 393 000	(300 000)	6 093 000
Bulk purchases	50 229 000	2 386 000	52 615 000
Grants and subsidies paid	1 490 000	-	1 490 000
Other expenditure	58 081 000	5 369 000	63 450 000
Loss on disposal of PPE		-	-
Total Operating Expenditure	227 116 000	6 663 000	233 780 000
Operating Deficit for the year	-14009000	-379 000	(14 388 000)
Government Grants and Subsidies - Capital	17 815 000	264 000	18 079 000
Net Surplus/(Deficit) for the year	3 806 000	(112 000)	3 691 000

SWELLENDAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017	2017
	R	R
	(Actual)	(Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Ratepayers and other	147 730 910	142 018 000
Government - operating	43 039 829	51 398 000
Government - capital	14 242 358	18 079 000
Interest	5 264 288	4 021 000
Payments		
Suppliers and Employees	(166 069 026)	(193 073 000)
Finance charges	(9 145 271)	(4 800 000)
Transfers and Grants	(1 484 018)	(1 490 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33 579 069	16 153 000
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Proceeds on disposal of Assets	1 252 640	1 300 000
Decrease/(increase) in non-current receivables	-	
Payments		
Capital assets	(16 616 518)	(20 579 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-15 363 878.44	-19 279 000.00
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Borrowing	-	
Increase/(decrease) in consumer deposits	112 357	90 000
Payments		
Repayment of borrowing	(3 033 678)	(2 249 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-2 921 321.74	(2 159 000)
NET INCREASE/(DECREASE) IN CASH HELD	R 15 293 868.92	-5286000
Cash and Cash Equivalents at the beginning of the year	36 433 634	36 659 000
Cash and Cash Equivalents at the end of the year	51 727 503	31 373 000

SWELLENDAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017
ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Ratepayers and other	136925000	5 093 000
Government - operating	48943000	2 455 000
Government - capital	17815000	264 000
Interest	3950000	71 000
Payments		
Suppliers and Employees	-186885000	(6 188 000)
Finance charges	-5100000	300 000
Transfers and Grants	-1490000	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	14158000	1 995 000
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Proceeds on disposal of Assets	2000000	(700 000)
Decrease/(increase) in non-current receivables		-
Decrease/(increase) in non-current investments		-
Payments		
Capital assets	-20315000	(264 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-18315000	(964 000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Borrowing		-
Increase/(decrease) in consumer deposits	90000	-
Payments		
Repayment of borrowing	-2249000	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-2159000	-
NET INCREASE/(DECREASE) IN CASH HELD	-6317000	1 031 000
Cash and Cash Equivalents at the beginning of the year	32847000	3 812 000
Cash and Cash Equivalents at the end of the year	26531000	4 842 000

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1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2015/16 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
Directive 11	<p><u>Changes in Measurement Basis Following Initial Adoption of Standards of GRAP</u></p> <p>This Directive can be applied when a Municipality elects to change the measurement basis selected for certain assets on the initial adoption of Standards of GRAP</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement basis.</p>	
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p>	Unknown

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	No such transactions or events are expected in the foreseeable future.	
IGRAP 17	<p><u>Service Concessions Arrangements Where a Grantor Controls a Significant Residual Interest in a Asset</u></p> <p>This interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p>	Unknown

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	The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy	
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 1.11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.14.1 Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these

plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.6 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14.7 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment

1.15. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

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Intangible assets	Software	8 - 10	Years
Investment property	Land	0	
Investment property	Buildings	100	
PPE			
Laeses	Office equipment	5	
Land and buildings / Community Assets	Buildings and fixtures	10 -100	
Land and buildings / Community Assets	Land	0	
Infra	Bridges, subways & culvert	16 - 100	
Infra	Mains	20 -61	
Infra	Meters	20 - 50	
Infra	Other	20 - 53	
Infra	Other roads	15 - 80	
Infra	Pump stations	12 - 100	
Infra	Purification works	8 - 100	
Infra	Reservoirs & tanks	15 - 80	
Infra	Sewers	60 - 100	
Infra	Supply/reticulation	100	
Infra	Switchgear equipment	30 - 60	
Other Assets	Air conditioners	6 -17	
Other Assets	Cabinets/cupboards	6 -22	
Other Assets	Chairs	5 - 20	
Other Assets	Computer Hardware	4 - 27	
Other Assets	General plant	5 -30	
Other Assets	Generator	7 -15	
Other Assets	Graders	10 -35	
Other Assets	Lawnmowers	4 -23	
Other Assets	Mechanical horses	5 -36	
Other Assets	Miscellaneous furniture	3 -28	
Other Assets	Office machines	4 -36	
Other Assets	Radio equipment	5-27	
Other Assets	security systems	5-11	
Other Assets	Tables/desks	7-20	
Other Assets	Telecommunication	16 - 25	
Other Assets	Tools	3 - 23	
Other Assets	Tracktors	16 -26	
Other Assets	Trucks/bakkies	5 -41	
Other Assets	Vehicles	8 - 24	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.16.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used

in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.17. INTANGIBLE ASSETS

1.17.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.17.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.17.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	5-10

1.17.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.18. INVESTMENT PROPERTY

1.18.1 Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.18.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.18.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-120

1.18.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.19 HERITAGE ASSETS

1.19.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.19.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to

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- dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been

recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing
- asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before
 - impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in

net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

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1.23.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- (i) derecognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

1.24. REVENUE

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in

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exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value

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of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25 TRANSFER OF FUNCTION (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

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- (a) are married or live together in a relationship similar to a marriage; or
 - (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is

accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1 Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates

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and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.31.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service

requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7 Revenue Recognition

Accounting Policy 1.24.2 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.1 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.31.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.31.10 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

1.31.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35. TAXATION

1.35.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.35.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

	2017 R	2016 R
2 NET ASSET RESERVES		
Housing Development Fund	3 669 068	3 653 687
Capital Replacement Reserve	10 000 000	10 000 000
Total Net Asset Reserves	13 669 068	13 653 687

3 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	33 654 268	36 313 063
Hire Purchases Liability	1 855 380	2 230 263
	35 509 647	38 543 325
Current Portion transferred to Current Liabilities	2 430 085	3 053 150
Annuity Loans - At amortised cost	2 027 391	2 678 267
Hire Purchases	402 694	374 883
	33 079 562	35 490 174
Total Long-term Liabilities - At amortised cost using the effective interest rate method	33 079 562	35 490 174

Annuity loans at amortised cost consist of 8 contracts with DBSA, calculated at interest rates ranging between 8.075% and 15.9%, with a maturity dates between 2017 and June 2030 . The loans are unsecured.

A loan from ABSA. The principle amount is R 6 595 800 at a fix interest rate of 9%. Interest is capitalized monthly and the repayments is 6 monthly .The loan is unsecured.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	5 647 074	6 288 789
Payable within two to five years	22 180 606	22 258 729
Payable after five years	32 803 187	37 759 392
	60 630 867	66 306 909
Less: Future finance obligations	(26 976 600)	(29 993 847)
Present value of annuity obligations	33 654 267	36 313 062

A Hire Purchase agreement at amortised cost was entered with ABSA. The principle amount is R 2 320 262.95 at a fix interest rate of 8%. Interest is capitalized monthly and the repayments is 6 monthly .The loan is secured.

The obligations under hire purchases are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	566 175	566 175
Payable within two to five years	1 698 526	2 264 701
Payable after five years	-	-
	2 264 701	2 830 876
Less: Future finance obligations	(409 321)	(600 613)
Present value of Hire Purchase obligations	1 855 380	2 230 263

Hire purchases are secured by property plant and equipment

4	EMPLOYEE BENEFITS	2017	2016
		R	R
	Post Retirement Benefits - Refer to Note 4.1	32 981 015	29 031 778
	Long Service Awards - Refer to Note 4.2	2 544 511	2 291 604
	Total Non-current Employee Benefit Liabilities	35 525 526	31 323 382
		2017	2016
		R	R
	<u>Post Retirement Benefits</u>		
	Balance 1 July	29 692 870	28 334 485
	Contribution for the year	1 720 242	1 605 758
	Interest Cost	2 675 556	2 497 693
	Expenditure for the year	2 495 052	(624 742)
	Actuarial Gain	(2 800 008)	(2 120 324)
	Total post retirement benefits 30 June	33 783 712	29 692 870
	Less: Transfer of Current Portion - Note 7	(802 697)	(661 092)
	Balance 30 June	32 981 015	29 031 778
	<u>Long Service Awards</u>		
	Balance 1 July	2 928 239	2 614 746
	Contribution for the year	228 395	219 337
	Interest Cost	221 485	197 700
	Expenditure for the year	(575 514)	(161 097)
	Actuarial Loss	28 817	57 553
	Total long service 30 June	2 831 422	2 928 239
	Less: Transfer of Current Portion - Note 7	(286 911)	(636 635)
	Balance 30 June	2 544 511	2 291 604
		2017	2016
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	32 621 109	30 949 231
	Contribution for the year	1 948 637	1 825 095
	Interest cost	2 897 041	2 695 393
	Expenditure for the year	1 919 538	(785 839)
	Actuarial Gain	(2 771 191)	(2 062 771)
	Total employee benefits 30 June	36 615 134	32 621 109
	Less: Transfer of Current Portion - Note 7	(1 089 608)	(1 297 727)
	Balance 30 June	35 525 526	31 323 382
4	EMPLOYEE BENEFITS (CONTINUE)		
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	169	174
	In-service (employee) non-members	65	69
	Continuation members (e.g. Retirees, widows, orphans)	19	18
	Total Members	253	261
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	17 677 645	17 559 467
	In-service non- members	3 357 770	3 324 146
	Continuation members	9 556 718	8 809 257
	Total Liability	30 592 133	29 692 870

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015 R	2014 R	2013 R
	25 209 737	25 209 737	22 061 929
Total Liability	28 334 485	25 209 737	22 061 929

Experience adjustments were calculated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: loss/(profit)	1.43	(2)	(2)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Key health.
Hosmed
Samwu

Key actuarial assumptions used:

	2017 %	2016 %
i) Rate of interest		
Discount rate	10	9
Health Care Cost Inflation Rate	8	8
Net Effective Discount Rate	2	1

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

The amount recognised in the Statement of Financial Position is as follow:

	2017 R	2016 R
Present value of fund obligations	32 981 015	29 031 778
Total Liability	32 981 015	29 031 778

The entire fund is unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	29 692 870	28 334 485
Total expenses	6 890 850	3 478 709
Current service cost	1 720 242	1 605 758
Interest Cost	2 675 556	2 497 693
Benefits Paid	2 495 052	(624 742)
Actuarial (gains)/losses	(2 800 008)	(2 120 324)
Present value of fund obligation at the end of the year	33 783 712	29 692 870
Less: Transfer of Current Portion - Note 7	(802 697)	(661 092)
Balance 30 June	32 981 015	29 031 778

Sensitivity Analysis on the Accrued Liability

Assumption	In service members (Rm)	Continuation members liability (Rm)	Total (Rm)	% change
Central Assumptions	21.035	9.557	31	

The effect of movements in the assumptions are as follows:

Assumption	Change	In service members (Rm)	Continuation members liability (Rm)	Total (Rm)	% change
Health care inflation	1%	25.509	10.458	36	18
Health care inflation	-1%	17.5	8.768	26	(14)
Post-retirement mortality	-1 year	17.578	8.787	26	14
Discount Rate	1%	25.475	10.451	36	17
Discount Rate	-1%	21.661	9.933	32	3
Average retirement age	-1 year	22.353	9.557	32	4
Continuation of membership at retirement	-10%	17.462	9.557	27	(12)

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		1 720 200	2 675 600	4 395 800	
Health care inflation	1%	2 170 600	3 173 000	5 343 600	22
Health care inflation	-1%	1 376 600	2 278 000	3 654 600	(17)
Post-retirement mortality	-1 year	1 394 300	2 534 800	3 929 100	(11)
Discount Rate	1%	2 151 200	2 825 200	4 976 400	13
Discount Rate	-1%	1 776 000	2 772 200	4 548 200	3
Average retirement age	-1 year	1 863 200	2 840 100	4 703 300	7
Continuation of membership at retirement	-10%	1 474 800	2 353 000	3 827 800	(13)

2017 2016

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

240 243

Key actuarial assumptions used:

2017 % 2016 %

i) Rate of interest

Discount rate	8	8
General Salary Inflation (long-term)	6	7
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2	1

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

2017 R 2016 R

The amount recognised in the Statement of Financial Position is as follow:

Present value of fund obligations	2 544 511	2 291 604
Net liability	2 544 511	2 291 604

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015 R	2014 R	2013 R
Total Liability	2 426 071	2 245 822	2 225 611

Experience adjustments were calculated as follows:

2017 2016 2015

Liabilities: (Gain) / loss	233 573	181 212	278 768
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Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Total expenses

Current service cost
Interest Cost
Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note 7

Balance 30 June

2017	2016
2 928 239	2 614 746
(125 634)	255 940
228 395	219 337
221 485	197 700
(575 514)	(161 097)
28 817	57 553
2 831 422	2 928 239
(286 911)	(636 635)
2 544 511	2 291 604

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		3	
General salary inflation	1%	3	6
General salary inflation	-1%	3	(6)
Discount Rate	1%	3	(6)
Discount Rate	-1%	3	7
Average retirement age	-2 yrs	2	(23)
Average retirement age	2 yrs	3	16
Withdrawal rates	-50%	3	17

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures have been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 112.6%).

Contributions paid recognised in the Statement of Financial Performance

2017 R	2016 R
5 475 513	4 677 534

DEFINED CONTRIBUTION FUNDS

Council contribute to the SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SAMWU National Provident Fund

1 898 204	1 759 278
1 898 204	1 759 278

NON-CURRENT PROVISIONS

	2017 R	2016 R
Provision for Rehabilitation of Landfill-sites	18 518 263	17 426 087
<u>Landfill Sites</u>		
Balance 1 July	32 573 864	28 988 292
Unwinding of discounted interest	2 077 648	3 585 571
Additions		
Total provision 30 June	34 651 512	32 573 864
Less: Transfer of Current Portion to Current Provisions - Refer to note 8	(16 133 249)	(15 147 776)
Balance 30 June	18 518 263	17 426 087

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Malagas	Swellendam	Infanta	Suurbraak	Barrydale
Rehabilitation area (m²)	15 772	32918	3269	3 275	9 451
Preliminary and General	685 418	1 526 730	167 062	202 390	537 675
Site Clearance and Preparation	41 007	85 586	8 499	8 515	24 572
Stormwater Control Measures	1 004 085	1 323 726	424 628	434 253	1 092 907
Capping	2 679 280	8 721 775	555 900	560 969	1 689 764
Gas Management		74480			-
Leachate Management	406 825	688 506	193 127	153 983	411 057
Fencing	764 645	11 145	11 145	287 925	622 235
Other	373 115	752 482	757 451	805 700	417 011
Contingencies	558 126	1 243 195	136 036	164 803	437 821
Engineering Professional Fees	460 454	1 025 636	112 229	135 963	361 202
Site Supervision	349 172	477 008	221 916	206 652	255 725

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation 2017</u>	<u>Cost of rehabilitation 2016 R</u>
Malagas	2013	7 322 127	6 873 520
Swellendam	2019	15 930 269	14 995 560
Infanta	2041	2 587 993	2 430 527
Suurbraak	2013	2 961 153	2 781 367
Barrydale	2013	5 849 969	5 492 889
		34 651 511	32 573 862

6	CONSUMER DEPOSITS		
	Water & Electricity	1 487 147	1 374 791
	Total Consumer Deposits	1 487 147	1 374 791
	Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

7	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 4	802 697	661 092
	Current Portion of Long-Service Provisions - Note 4	286 911	636 635
	Provision for Staff Leave	4 893 904	3 452 425
	Staff Bonuses accrued	1 613 694	1 520 058
	Provision for Performance Bonuses	869 789	600 000
	Total Current Employee Benefits	8 466 995	6 870 210

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	3 452 425	3 233 610
Contribution to current portion	(217 510)	(218 221)
Expenditure incurred	1 658 989	437 036
Balance at end of year	4 893 904	3 452 425

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Staff Bonuses accrued

Balance at beginning of year	1 520 058	1 342 433
Contribution to current portion	3 207 971	2 897 055
Expenditure incurred	(3 114 336)	(2 719 429)
Balance at end of year	1 613 694	1 520 058

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent a portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

Performance Bonuses

Balance at beginning of year	600 000	702 254
Contribution to current portion	806 568	410 208
Expenditure incurred	(536 779)	(512 462)
Balance at end of year	869 789	600 000

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

8	PROVISIONS		
	Current Portion of Rehabilitation of Landfill-sites - Note 5	16 133 249	15 147 776
	Total Provisions	16 133 249	15 147 776

9	PAYABLES FROM EXCHANGE TRANSACTIONS	2017 R	2016 R
	Trade Payables	9 498 175	7 738 425
	Accrued interest	684 639	713 007
	Pre-Paid Electricity	511 308	494 773
	Retentions and Guarantees	1 181 375	1 722 216
	Other: Deposits	530 791	372 956
	Debtors paid in advance	1 200 073	1 474 482
	Other payables	(8 597)	136 597
	Total Trade Payables	13 597 765	12 652 454

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

The arrear portion of long term liabilities originated as a result of the municipality not settling in full the current portion of the annuity loan as disclosed in note 3.1.

10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	11 504 568	3 899 258
National Government Grants	6 150 277	318 473
Provincial Government Grants	5 077 620	3 239 814
Other Grant Providers	276 672	340 971
Less: Unpaid Grants	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
Other Grant Providers	-	-
Total Conditional Grants and Receipts	11 504 569	3 899 258

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11 UNSPENT PUBLIC CONTRIBUTIONS

Description of unspent contribution	-	-
Description of unspent contribution	-	-
Total Unspent Public Contributions	-	-

12 TAXES

12.1 VAT PAYABLE

VAT in suspense	-	-
VAT output in suspense	-	-
Total Vat payable	-	-

12.2 VAT RECEIVABLE

VAT in suspense	1 793 239	1 509 018
Total VAT receivable	1 793 239	1 509 018

12.3 NET VAT RECEIVABLE/(PAYABLE)

NET VAT RECEIVABLE/(PAYABLE)	1 793 239	1 509 018
-------------------------------------	------------------	------------------

VAT is receivable/payable on the cash basis.

13 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

Assets pledged as security:

All the assets obtained by financial leases are pledged as security.
Carrying value of these assets :

2017	2016
61 117	130 502

Third party payments received for losses incurred:

Payments received (Excluding VAT)
Carrying value of assets written off/lost
Deficit

-	-
32 529	30 419
32 529	30 419

Effect of changes in accounting estimates

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised.

The effect on the current and future periods are as follow :

	2017 R	2018 R	2019 R
Decrease in Accumulated Depreciation: Property, plant and equipment			
Other Assets	(23 024)	(20 937)	(8 507)
Leased Assets			
Infrastructure Assets			

Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Infrastructure
Land and Buildings
Community Assets

-	-
98 654	-
17 000	-
115 654	-
2017	
R	

Property Plant and Equipment which is in the process of construction or development**Infrastructure**

Water Supply
Electricity
Sanitation

855 749
4 234 981
2 250 182

Community assets

2 532 936

Total

9 873 848

2017
R

Property Plant and Equipment where construction or development has been halted

Sanitation

769 642

Reason

Project: Upgrading of Barrydale WWTW. Expenditure thus far on professional fees for planning and design. Project on hold as there is currently no MIG funding allocated or available. Projects have been prioritised for funding and this project has a lower priority and therefor halted until funding becomes available.

Expenditure incurred to repair and maintain Property, Plant and Equipment:

Employee related costs	1 131 022	1 140 034
Other materials	4 308 842	5 587 385
Contracted Services	6 717 236	7 569 112
Other Expenditure		
	12 157 100	14 296 531

14

INVESTMENT PROPERTY

Net Carrying amount at 1 July

	2017 R	2016 R
Cost	25 031 691	26 469 947
Accumulated Depreciation	34 965 377	36 305 111
Accumulated Impairment	(660 714)	(582 192)
	(9 272 972)	(9 252 972)

Acquisitions	-	-
Disposals	(183 011)	(1 339 734)
Depreciation for the year	(77 981)	(78 522)
Impairment	(124 518)	(20 000)
Transfers from Land and Buildings	-	-

Net Carrying amount at 30 June

Cost	24 646 207	25 031 691
Accumulated Depreciation	34 357 820	34 965 377
Accumulated Impairment	(694 624)	(660 714)
	(9 016 989)	(9 272 972)

Impairment charges on Investment Properties recognised in statement of financial performance

124 518

There are no restrictions on the realis ability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property

121 751

378 688

Operating expenditure incurred on properties

Revenue Generating

Improved Property	19 686	21 100
Employee related costs	-	-
Other materials	5 213	18 900
Contracted Services	14 474	2 200
Unimproved Property	-	-

15

INTANGIBLE ASSETS**Computer Software****Net Carrying amount at 1 July**

Cost.
Accumulated Amortisation

Additions
Amortisation
Impairments
Disposals

Net Carrying amount at 30 June

Cost.
Accumulated Amortisation

2017
R

2016
R

	477 519	483 294
Cost.	860 226	796 094
Accumulated Amortisation	(382 707)	(312 801)
Additions	12 114	64 667
Amortisation	(71 829)	(68 211)
Impairments	-	-
Disposals	(911)	(535)
Net Carrying amount at 30 June	416 894	477 519
Cost.	871 429	860 226
Accumulated Amortisation	(454 535)	(382 707)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	Carrying Value	
		2017 R	2016 R
Microsoft Office and Windows software	5-10 years	416 894	477 519

No intangible asset assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

16

HERITAGE ASSETS**Net Carrying amount at 1 July**

Acquisitions
Disposals
Impairments
Reversal of Impairment losses
Transfers to Investment Properties

Net Carrying amount at 30 June

Cost
Accumulated Impairment

2017
R

2016
R

	2 323 963	2 323 963
Acquisitions	-	-
Disposals	-	-
Impairments	-	-
Reversal of Impairment losses	-	-
Transfers to Investment Properties	-	-
Net Carrying amount at 30 June	2 323 963	2 323 963
Cost	2 489 854	2 489 854
Accumulated Impairment	(165 891)	(165 891)

There are no restrictions on the realis ability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

Repairs and maintenance:

Disclosure of repairs and maintenance per GRAP 103.88

Employee related cost
Other materials
Contracted services
Other expenditure

Total repairs and maintenance

Employee related cost	145 876	30 590
Other materials	1 805	1 900
Contracted services	1 805	1 900
Other expenditure	147 681	32 490
Total repairs and maintenance	147 681	32 490

17	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	5 526 037	7 854 740
	Cost	15 799 641	15 799 641
	Accumulated Depreciation	(9 833 860)	(7 411 789)
	Accumulated Impairment	(439 745)	(533 112)
	Additions		
	Depreciation	(2 452 191)	(2 422 071)
	Impairment	-	93 368
	Net Carrying amount at 30 June	3 073 846	5 526 037
	Cost	15 799 641	15 799 641
	Accumulated Depreciation..	(12 286 051)	(9 833 860)
	Accumulated Impairments..	(439 745)	(439 745)
	Refuse tip-sites financed by way of a provision - Refer to note 5	3 073 846	5 526 037
18	INVENTORY		
	Consumable Stores - Stationery and materials - At cost	2 429 352	2 405 458
	Water – at cost	51 264	43 184
	Unsold Plots - At cost	8 675 975	8 480 975
	Total Inventory	11 156 591	10 929 616
	Consumable stores materials written down due to losses as identified during the annual stores counts.		
	Consumable stores materials surpluses identified during the annual stores counts.	-	-
	Inventory recognised as an expense during the year	2 665 215	
	No inventory assets were pledged as security for liabilities.		
19	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	6 901 851	6 881 628
	Water	5 288 242	5 291 845
	Refuse	3 509 035	3 593 161
	Sewerage	5 793 743	5 796 961
	Rentals	275 558	253 967
	Sundry Receivables	2 308 084	2 319 313
	Total Receivables from Exchange Transactions	24 076 512	24 136 874
	Less: Allowance for Doubtful Debts	(15 706 937)	(16 117 095)
	Total Net Receivables from Exchange Transactions	8 369 575	8 019 779
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
	Ageing of Receivables from Exchange Transactions:		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	4 466 948	4 119 947
	31 - 60 Days	493 667	410 644
	61 - 90 Days	79 491	68 148
	+ 90 Days	1 861 744	2 282 889
	Total	6 901 851	6 881 628

(Water): Ageing

Current (0 - 30 days)	1 334 877	1 129 274
31 - 60 Days	352 990	361 928
61 - 90 Days	137 539	143 099
+ 90 Days	3 462 836	3 657 544
Total	5 288 242	5 291 845

(Refuse): Ageing

Current (0 - 30 days)	694 061	642 136
31 - 60 Days	245 907	242 542
61 - 90 Days	83 842	96 810
+ 90 Days	2 485 225	2 611 673
Total	3 509 035	3 593 161

(Sewerage): Ageing

Current (0 - 30 days)	1 165 356	1 011 349
31 - 60 Days	418 461	389 563
61 - 90 Days	148 070	152 266
+ 90 Days	4 061 856	4 243 783
Total	5 793 743	5 796 961

(Rentals): Ageing

Current (0 - 30 days)	35 671	22 582
31 - 60 Days	15 548	9 440
61 - 90 Days	6 593	8 851
+ 90 Days	217 746	213 094
Total	275 558	253 967

(Sundry): Ageing

Current (0 - 30 days)	79 444	119 740
31 - 60 Days	63 117	51 693
61 - 90 Days	38 079	43 736
+ 90 Days	2 127 443	2 104 144
Total	2 308 084	2 319 313

(Total): Ageing

Current (0 - 30 days)	7 776 357	7 045 029
31 - 60 Days	1 589 690	1 465 809
61 - 90 Days	493 615	512 910
+ 90 Days	14 216 850	15 113 127
Total	24 076 512	24 136 874

Reconciliation of Provision for Bad Debts

Balance at beginning of year	16 117 095	16 825 402
Contribution to provision/(Reversal of provision)	(410 158)	221 402
Bad Debts Written Off		(929 709)
Balance at end of year	15 706 937	16 117 095

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2017 R	2016 R
Rates	8 806 848	9 824 467
Other Receivables	66 186 819	41 397 306
Suspense Debtors	66 186 819	41 397 306
Total Receivables from Non-Exchange Transactions	74 993 667	51 221 773
Less: Allowance for Doubtful Debts	(58 473 145)	(38 872 617)
Total Net Receivables from Non-Exchange Transactions	16 520 523	12 349 157

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Ageing of Receivables from Non-Exchange Transactions:**(Rates): Ageing**

Current (0 - 30 days)	2 198 274	1 872 641
31 - 60 Days	494 381	450 806
61 - 90 Days	147 005	172 675
+ 90 Days	5 967 189	7 328 346
Total	8 806 848	9 824 467

Reconciliation of Provision for Bad Debts

Balance at beginning of year	38 872 617	29 145 084
Contribution to provision/(Reversal of provision)	(1 095 786)	(1 781 899)
Contribution to provision	20 696 314	11 509 431
Balance at end of year	58 473 145	38 872 617

The entire provision for bad debts relates to the outstanding rates balance.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

OPERATING LEASE ARRANGEMENTS**The Municipality as Lessor (Asset)**

Balance on 1 July	44 384	36 132
Movement during the year	(6 105)	8 252
Balance on 30 June	38 279	44 384

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	135 981	240 299
1 to 5 Years	164 104	279 023
More than 5 Years	39 549	60 611
Total Operating Lease Arrangements	339 634	579 933

This lease income was determined from contracts that have a specific conditional income. The leases are in respect of land and buildings being leased out for periods ranging until June 2031

The municipality does not engage in any sub-lease arrangements. The municipality did not pay any contingent rent during the year

CASH AND CASH EQUIVALENTS**Assets**

Call Investments Deposits	-	-
Bank Accounts	51 721 332	36 427 463
Cash Floats	6 171	6 171
Total Cash and Cash Equivalents - Assets	51 727 503	36 433 634

Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Fist National Bank- Swellendam- Account number 53840005730	10 336 967	11 064 451
ABSA - Barrydale- Account Number 2390560039 (Primary Bank)	49 784 061	34 027 417

Current Accounts

Cash book balance at beginning of year	36 427 463	36 659 419
Cash book balance at end of year	51 721 332	36 427 463
Bank statement balance at beginning of year	45 091 868	40 610 845
Bank statement balance at end of year	60 121 027	45 091 868

2017
R

2016
R

PROPERTY TAXES**Actual****Rateable Land and Buildings**

Rateable Land and Buildings	35 765 416	32 326 611
Less: Rebates	3 162 248	3 040 141
Total Assessment Rates	32 603 168	29 286 470

Valuations - 1 JULY 2014 (Plus Interim Valuations)**Rateable Land and Buildings**

Residential Properties -Sec 8(2)(a)	2 716 434 260	2 697 783 300
Industrial Properties - Sec 8(2)(b)	63 360 000	63 360 000
Business and Commercial Properties-Sec 8(2)(c)	402 032 700	402 032 700
Farm Agricultural Purposes - Sec 8(2)(d)(i)	2 501 157 713	2 501 354 573
Farm Commercial Purposes-Sec 8(2)(d)(ii)	70 926 000	70 926 000
Farm Residential Purposes-Sec 8(2)(d)(iii)	42 305 000	42 305 000
Farm Other Purposes - Sec 8(2)(d)(iv)	1 320 000	1 320 000
Farm Not use for any Purposes -Sec 8(2)(e)	18 485 000	18 485 000
Small Holdings Agricultural-Sec 8(2)(f)(i)	212 000	212 000
Small Holdings Residential Purposes-Sec 8(2)(f)(ii)	25 680 000	25 680 000
Small Holdings Business Purposes-Sec 8(2)(f)(iii)	1 520 000	1 520 000
State Owned - Sec 8(2)(g)	206 754 000	206 754 000
Municipal Owned-Sec 8(2)(h)	167 486 100	167 486 100
Public Service Infrastructure -Sec 8(2)(i)	1 641 200	1 641 200
National Monuments- Sec 8(2)(p)	13 470 000	13 470 000
Public Benefit Organisations - Sec 8(2)(q)	85 347 500	85 347 500
Total Assessment Rates	6 318 131 473	6 299 677 373

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013.

Rates:

Residential	0.888c/R	0.823c/R
Commercial	0.888c/R	0.823c/R
Agricultural	0.222c/R	0.206c/R

Rates are levied annually and monthly. Monthly rates are payable by the 28 th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

24 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share

24 012 000 **21 922 000**

24 012 000	21 922 000
------------	------------

Conditional Grants

Grants and donations

25 325 117 **38 720 521**

25 325 117	38 720 521
------------	------------

Total Government Grants and Subsidies

49 337 117 **60 642 521**

49 337 117	60 642 521
------------	------------

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

14 242 358 15 637 906

35 094 759 45 004 615

49 337 117 **60 642 521**

49 337 117	60 642 521
------------	------------

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	24 012 000	21 922 000
Corporate Services	270 825	327 935
Community Services	7 442 350	15 744 813
Engineers Service	14 899 993	19 286 981
Finance Service	1 909 969	2 598 149
Municipal Manager	801 980	762 642
	49 337 117	60 642 521

The municipality does not expect any significant changes to the level of grants.

24.1 Equitable share

Opening balance	-	-
Grants received	24 012 000	21 922 000
Conditions met - Operating	(24 012 000)	(21 922 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24.2 Expanded Public Works Program (EPWP)

Opening balance	35 238	
Grants received	1 177 000	1 215 000
Conditions met - Operating	(1 177 000)	(1 179 762)
Conditions met - Capital	-	-
Grants paid back to National Treasury	(35 238)	
Conditions still to be met	-	35 238

Job creation projects in previous disadvantage areas

24.3 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 625 000	1 600 000
Conditions met - Operating	(1 625 000)	(1 600 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24.4 Municipal Systems Improvement Grant

Opening balance	256 797	-
Grants received	-	940 000
Conditions met - Operating	-	(248 381)
Conditions met - Capital	-	(434 822)
Grants paid back to National Treasury	(256 797)	-
Conditions still to be met	-	256 797

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

24.5 Municipal Infrastructure Grant (MIG)

Opening balance	26 438	-
Grants received	17 337 000	11 684 000
Paid back to National Treasury	-	-
Conditions met - Operating	(569 500)	(584 200)
Conditions met - Capital	(10 961 990)	(11 073 362)
Grant expenditure to be recovered	5 831 948	26 438

The grant was used to upgrade infrastructure in previously disadvantaged areas.

24.6 Housing Grants

Opening balance	224 939	4 970 820
Grants received	5 699 508	7 087 801
Conditions met - Operating	(1 289 068)	(11 833 680)
Conditions met - Capital	-	-
Grant expenditure to be recovered	4 635 379	224 939

Housing grants was utilised for the development of erven and the erection of top structures.

24.7 Other Grants

Opening balance	3 355 846	2 009 112
Grants received	7 431 679	13 113 047
Conditions met - Operating	(6 422 192)	(7 636 591)
Conditions met - Capital	(3 280 368)	(4 129 722)
Grants paid back to National Treasury	(47 722)	-
Conditions still to be met	1 037 243	3 355 846

24.8 Total Grants

Opening balance	3 899 258	6 979 932
Grants received	57 282 187	57 561 848
Grants paid back to National Treasury	(339 757)	-
Conditions met - Operating	(35 094 760)	(45 004 614)
Conditions met - Capital	(14 242 358)	(15 637 906)
Conditions still to be met/(Grant expenditure to be recovered)	11 504 569	3 899 258

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	11 504 569	3 899 260
Unpaid Conditional Government Grants and Receipts	-	-
	11 504 569	3 899 260

25 SERVICE CHARGES

Electricity	67 135 709	61 176 057
Water	14 660 388	12 819 223
Refuse removal	9 666 517	8 933 003
Sewerage and Sanitation Charges	16 319 281	14 579 455
Other	54 860	25 437
	107 836 755	97 533 176
Less: Rebates	(7 473 226)	(7 045 073)
Total Service Charges	100 363 529	90 488 103

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26 OTHER INCOME

Building Plans	637 578	723 633
Development Contribution	63 871	53 605
Hawkers Fees	20 682	15 595
Rezoning	367 935	207 879
Other	1 166 688	1 284 028
Total Other Income	2 256 753	2 284 740

Sundry income represents sundry income such as building plans, sale of sundry items and fees for items not included under service charges (camping, fire brigade and impounding fees)

EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	45 130 610	40 984 409
Employee related costs - Contributions for UIF, pensions and medical aids	11 518 528	10 184 504
Travel, motor car, accommodation, subsistence and other allowances	5 230 657	4 274 036
Housing benefits and allowances	416 672	412 045
Overtime Payments	3 103 470	3 097 674
Long Service Awards	157 309	219 337
Post Retirement Medical	3 316 032	1 605 758
Performance bonuses	806 568	410 208
Standby	325 027	114 630
Bonus	3 207 995	2 897 055
Staff Leave	1 658 989	437 036
Total Employee Related Costs	74 871 857	64 636 693

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 7-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager - Mr C Africa**

Annual Remuneration	1 279 441	1 231 924
Performance Bonus	180 869	169 037
Car Allowance	90 000	60 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	17 313	16 394
Cell phone allowance	12 000	12 000
Total	1 579 623	1 489 355

Remuneration of the Director Engineering Services - Mr F.P Erasmus

Annual Remuneration	758 423	287 634
Travelling Allowance	120 000	47 467
Rural allowance	72 532	
Contributions to UIF, Medical, Pension Funds and Bargaining Council	39 745	80 888
Cell phone allowance		4 000
Total	1 000 301	419 989

Remuneration of the Director Community Services- KD Stuurman

Annual Remuneration	703 986	684 918
Performance Bonus	79 096	84 701
Travelling Allowance	100 104	102 115
Rural allowance	60 197	23 663
Contributions to UIF, Medical, Pension Funds and Bargaining Council	196 766	188 983
Cell phone allowance	9 600	9 600
Total	1 149 749	1 093 980

Remuneration of the Director Financial Services - Mr H Schlebusch

Annual Remuneration	853 507	768 264
Performance Bonus	138 417	129 362
Car Allowance	58 988	51 176
Contributions to UIF, Medical, Pension Funds and Bargaining Council	212 859	204 570
Cell phone allowance	9 600	9 600
Total	1 273 371	1 162 972

Remuneration of the Director Corporate Services - Mr D du Plessis

Annual Remuneration	826 647	774 327
Performance bonus	138 417	129 362
Car Allowance	78 000	78 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	157 069	147 960
Cell phone allowance	9 600	9 600
Total	1 209 734	1 139 249

28	REMUNERATION OF COUNCILLORS		
	Executive Mayor allowance	726 996	734 233
	Deputy Executive Mayor allowance	587 506	556 791
	Speaker allowance	523 821	592 280
	Mayoral Committee Members allowances	1 045 501	592 280
	Councillors allowances	1 495 485	1 179 220
	Total Councillors' Remuneration	4 379 308	3 654 804
	<i>In-kind Benefits</i>		
	The Executive Mayor and all the committee members are full-time councillors. The Mayor, Deputy Mayor and Speaker are provided with secretarial support and an office at the cost of the Council.		
29	DEBT IMPAIRMENT		
	Trade Receivables from non- exchange transactions	(1 095 786)	-
	Trade Receivables from exchange transactions	(345 113)	(148 277)
	Traffic Fines	20 696 314	11 774 637
	Total Contribution to Debt Impairment	19 255 415	11 626 360
	BAD DEBTS WRITTEN OFF		
	Trade Receivables from non- exchange transactions	681 977	929 708
	Trade Receivables from exchange transactions	2 681 725	265 205
	Traffic Fines	-	3 893 660
		3 363 702	5 088 573
30	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	6 443 324	6 176 890
	Investment Property	77 981	78 522
	Intangible Assets	71 829	68 211
	Landfill Sites	2 452 191	2 422 071
		9 045 324	8 745 694
31	IMPAIRMENTS and WRITE OFFS		
	Landfill Sites	-	
	Property Plant & Equipment	115 654	22 860
	Investment Properties	124 518	
	Heritage Assets	-	
		240 172	22 860
32	FINANCE CHARGES		
	Long-term Liabilities	3 906 841	3 916 685
	Finance leases	-	9 210
	Hire Purchases	192 655	44 828
	Post Employment Health	2 675 556	2 497 693
	Landfill Sites	2 077 648	3 585 571
	Long service awards	292 571	197 700
	Total finance charges	9 145 271	10 251 688
33	BULK PURCHASES		
	Electricity	50 442 322	46 133 748
	Total Bulk Purchases	50 442 322	46 133 748
34	GRANTS AND SUBSIDIES		
	Swellendam Tourism	1 164 018	1 113 000
	Lower Breede River Conservancy	320 000	330 000
	Total Grants and Subsidies	1 484 018	1 443 000

GENERAL EXPENSES

	2017 R	2016 R
Accounting Support	2 708 124	2 241 340
Advertising	284 281	317 759
Audit Fees	2 165 763	2 715 682
Agency Fees	2 929 780	2 589 224
Bank Charges	711 472	639 217
Bargaining Council Levy	19 107	18 335
Community Development Fund	50 000	49 070
Contingency Fund	66 852	44 611
Contractor Fees	2 969 705	2 144 630
Donations	65 000	119 388
Entertainment	155 219	127 292
Eradication of invasive plants	-	36 805
EPWP projects	1 176 673	1 178 318
Financial Management Support	236 842	276 268
Fruitless and Wasteful Expenditure	124 264	-
Fuel	45 034	74 863
GIS Licence	91 900	98 496
Ignite Maintenance	321 354	348 251
Insurance	500 085	563 753
Laboratory Services	228 651	231 100
Legal Fees	512 634	217 404
Laundry Services	62 163	36 871
Licences	143 385	142 358
Machinery Hire	795 302	1 170 618
Material & Stock	1 781 978	1 340 852
Meter Replacements	32 759	86 550
New Connections	52 833	44 549
Pest Control	16 919	15 020
Postage	720 329	740 775
Plot Cleansing	56 980	48 204
Refuse bags	485 527	477 938
Rentals	269 489	139 289
Risk Management	109 744	69 035
Security	631 337	682 519
Special Projects	739 877	2 574 511
Special Projects-Housing	1 259 220	11 833 680
Stationery and Printing	687 195	578 745
Stormwater drainage	559 157	469 756
Subscription Fees	751 633	717 946
Subsistence and Travel	605 326	514 834
Task Implementing	87 001	81 668
Telephone	1 515 771	1 432 410
Training	1 003 478	957 546
Valuation Cost	84 663	22 170
Vehicle running cost	2 947 361	2 684 552
Water Monitoring Fees	188 036	227 739
Ward Committees	4 244	28 011
Ward Projects	77 342	63 196
Water Research contribution	169 215	254 181
Workmens Compensation	422 533	369 977
Other	235 762	335 995
General Expenses	31 859 300	42 173 297

CORRECTION OF ERRORS IN TERMS OF GRAP 3**Prior year adjustments due to non-compliance with accounting policy and errors**

- 36.1**
- (i) Items were found in Departments which are not for immediate use and are now put on stock in the store. The purchase dates are unknown and for this reason the items current prices are use as fair values to re- state the inventory as at 30 June 2015 with the following entries : (Dt) Inventory (Ct) Accumulated Surplus-prior years R81 413
 - (ii) During the assets verification process,stock intems were found which were previously not included as stock with the result that inventory was understater. The purchase dates are unknown and for this rerason the items current prices are use as fair values to re-state the inventory as at 30 June 2015 with the following entries : (Dt) Inventory (Ct) Accumulated Surplus -prior years R 92 747.91
 - (iii) The ABSA annuity loan was overstated at 30 June 2016. This error is now corrected with the following entries (Dt) Longterm Liabilities (Ct) Accumulated Surplus - current year (Finance charges) R281 798.38
 - (iv) With the reconciliation of the supplementary valuation roll, properties were identified which was not on the Fixed Asset Register. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (Dt) Land and Buildings: Cost - Cost R22 045.56 (CR) Accumulated Surplus - prior years - R22 045.56
 - (v) During the annual review of the classification of the property register, Investment Property assets were incorrectly classified as Land and Building. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (CR) Land and buildings - Cost R8 854 500 (DT) Investment Property - Cost R8 854 500 (DT) Land and Buildings -Accumulated impairment R2 024 000, - Current year - R20 000 and (CR) Investment property -Accumulated impairment - prior years R2 024 000- current year R20 000, (Dt) Accumulated Depreciation-Land and Buildings-prior years R16 620.62, current year R2 380.88 (Ct) Accumulated Depreciation - Investment properties -prior years R16 620.62 , current year R2 380.88
 - (vi) During the annual review of the property register it was noted that depreciation was not calculated for the building on Erf 2101 Swellendam. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (CR) Community Assets - Accumulated depreciation R2 974.79 (DT) Accumulated Surplus - prior years - R2602.05, (DT) Accumulated Surplus -current year - R372.74
 - (vii) During the annual review of the property register and the supplementary roll it was noted that erven were erroneously included in the PPE register which not municipal properties. This error is now corrected with the following entries : (Dt) Accumulated Surplus -prior years R3 021 967 .47 (CT) Property Plant and Equipment - Land and Buildings R3 021 967.47 (DT) Land and Buildings: Accumulated Impairment - R3 000, (CR) Accumulated Surplus -previous years - R3 000
 - (viii) With the reconciliation of the supplementary valuation roll, properties were identified which was not on the Fixed Asset Register. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (Dt) Community Assets: Cost - Cost R466 757.80 (CR) Accumulated Surplus - prior years - R466 757.80
 - (ix) With the review of useful life's it was noted that the lifetime of the infrastructure assets needed to be corrected which are now corrected retrospectively wi the following entries : (Dt) Property plant and equipment - Accumulated depreciation R18 637 219, (Ct) Accumulated Surplus -prior years R16 763 812 and (Ct) Accumulated Surplus - current year -(Depreciation) R1 873 407
 - (x) With the assets verification process, it was found that Property Plant and Equipment was previously erroneously recognised as municipal assets. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (Dt) Accumulated Surplus-prior years R93 155.97 and (Ct) Property Plant and Equipment Cost R93 155.97, (Dt) Accumulated Depreciation - Property Plant and Equipment R61 634.76 and (Ct) Accumulated Surpl prior years R56 193.88 and current year (depreciation) R5 440.88
 - (xi) With the assets verification process, it was found that Property Plant and Equipment was previously erroneously not recognised as municipal assets. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (Cr) Accumulated Surplus-prior years R210 216.71 and (Dt) Property Plant and Equipment Cost R210 216.71, (CR) Accumulated Depreciation - Property Plant and Equipment R76 633.55 and (Dt) Accumulated Surplus -prior years R65 136.56 and (Dt) Accumulated Surplus -current year (depreciation) R11 496.99
 - (xii) Intangible assets have been found which were previously omitted from the intangible asset register. This error is now retrospectively corrected with the following entries : (Dt) Intangible assets-cost (Ct) Accumulated surplus -prior years R16 912.27 (Dt) Accumulated Surplus -prior years R4 083.95 Accumulated Surplus-current year - Amortisation R1 694.70 (Ct) Accumulated Amortisation R5 778.65
 - (xiii) With the reconciliation of the supplementary valuation roll, properties were identified which were not included in the Inventory property register. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (Dt) Inventory - Cost R296 474.82 (Ct) Accumulated Surplus - prior years - R 296 474.82
 - (xiv) During the annual review of the classification of the property register, Investment Property (Erf 166 Suurbraak) was incorrectly classified as Inventory. This error is now rectified retrospectively in terms of GRAP 3 with the following entries : (Ct) Inventory - Cost R300 000 (Dt) Investment Property with R300 000
 - (xv) First time recognition of Investment properties as per the supplementray Valuation roll : R 101 105.51

The above note 36.1 representing the narratives of the following Corrections of Errors as set out from notes 36.1 to 36.13

36.2	Accumulated Surplus	2016	2015
		R	R
	Balance previously reported	212 455 634	200 692 092
	Inventory (see note 36.1 (i))	81 413	81 413
	Inventory (see note 36.1 (ii))	92 748	92 748
	Longterm Liabilities (see note 36.1 (iii))	281 798	
	Property Plant and Equipment (see note 36.1 (iv))	22 046	22 046
	Property Plant and Equipment (see note 36.1 (vi))	(2 975)	(2 602)
	Property Plant and Equipment (see note 36.1 (vii))	(3 021 967)	(3 021 967)
	Property Plant and Equipment (see note 36.1 (vii))	3 000	3 000
	Property Plant and Equipment (see note 36.1 (viii))	466 758	466 758
	Property Plant and Equipment (see note 36.1 (ix))	18 637 219	16 763 812
	Property Plant and Equipment (see note 36.1 (x))	(93 156)	(93 156)
	Property Plant and Equipment (see note 36.1 (x))	61 635	56 194
	Property Plant and Equipment (see note 36.1 (xi))	210 217	210 217
	Property Plant and Equipment (see note 36.1 (xi))	(76 634)	(65 137)
	Intangible Assets (see note 36.1 (xii))	16 912	16 912
	Intangible Assets (see note 36.1 (xii))	(5 779)	(4 084)
	Inventory (see note 36.1.(xiii))	296 475	296 475
	Investment properties- cost (see note (xv))	101 106	101 106
	Investment properties- Accumulated Depreciation(see note (xv))	645 882	564 953
	Other corrections of errors	(1 595 772)	(1 129 902)
	Restated balance 30 June 2016	228 576 561	215 050 877
36.3	Longterm Liabilities	R	R
	Balance previously reported	35 771 973	36 547 425
	Correction of error-see note 36.1.(iii)	(281 798)	
	Restated balance 30 June 2016	35 490 175	36 547 425

36.4 Property Plant and Equipment

Balance previously reported	254 235 814	243 904 021
Land and Buildings -cost (see note 36.1.(iv))	22 046	22 046
Land and Buildings -cost - (see note 36.1.(v))	(8 854 500)	(8 854 500)
Land and Buildings - Accumulated Impairments - (see note 36.1.(v))	2 044 000	2 024 000
Land and Buildings - Accumulated Depreciation - (see note 36.1.(v))	19 002	16 621
Community Assets - Accumulated Depreciation -(see note 36.1 (vi))	(2 975)	(2 602)
Land and Buildings-cost (see note 36.1 (vii))	(3 021 967)	(3 021 967)
Land and Buildings-Accumulated Impairment (see note 36.1 (vii))	3 000	3 000
Community Assets-cost (see note 36.1 (viii))	466 758	466 758
Infrastructure- Accumulated Depreciation (see note 36.1 (ix))	18 637 219	16 763 812
Other Assets-cost -(see note 36.1 (x))	(93 156)	(93 156)
Other Assets - Accumulated Depreciation (see note 36.1 (x))	61 635	56 194
Other Assets -cost (see note 36.1 (xi))	210 217	210 217
Other Assets- Accumulated Depreciation (see note 36.1 (xi))	(76 634)	(65 137)
Community Assets-cost	4 686 114	4 686 114
Community Assets: Accumulated Depreciation	(277 603)	(277 603)
Community Assets: Accumulated Impairments	(151 000)	(151 000)
Land and Buildings-cost	(872 938)	(872 938)
Land and Buildings-Accumulated Depreciation	6 609	6 609
Land and Buildings-Accumulated Impairments	85 000	85 000

Restated balance 30 June 2016

267 126 640	254 905 488
R	R

36.5 Inventory

Balance previously reported	10 758 980	12 157 089
Correction of error (see note 36.1 (i))	81 413	81 413
Correction of error (see note 36.1 (ii))	92 748	92 748
Correction of error (see note 36.1 (xiii))	296 475	296 475
Correction of error (see note 36.1 (xiv))	(300 000)	(300 000)

Restated balance 30 June 2016

10 933 141	12 331 250
R	R

36.6 Investment Property

Balance previously reported	21 961 251	23 332 315
Land and Buildings -cost - (see note 36.1.(v))	8 854 500	8 854 500
Land and Buildings - Accumulated Impairments - (see note 36.1.(v))	(2 044 000)	(2 024 000)
Land and Buildings - Accumulated Depreciation - (see note 36.1.(v))	(19 002)	(16 621)
Inventory-(see note 36.1 (xiv))	300 000	300 000
Land and Buildings -cost - (see note 36.1.(xv))	101 106	101 106
Land and Buildings -cost	(3 813 276)	(3 813 276)
Land and Buildings -Accumulated Depreciation	(374 888)	(330 077)
Land and Buildings -Accumulated Impairment	66 000	66 000

Restated balance 30 June 2016

25 031 691	26 469 947
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36.7 Intangible Assets

Balance previously reported	R	R
Intangible Assets (see note 36.1 (xii))	466 385	470 465
Intangible Assets (see note 36.1 (xii))	16 912	16 912
Intangible Assets (see note 36.1 (xii))	(5 779)	(4 084)

Restated balance 30 June 2016

477 519	483 293
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36.8	Reclassification-Statement of Performance	2016
		R
	Previously reported	
	Debt Impairment	16 714 934
	Bad Debts Written-off	-
	Repairs and maintenance	
		16 714 934
	Now reported	
	Debt Impairment	12 556 068
	Bad Debts Written-off	4 158 866
	Contracted Services	
	Employee related costs	
	Other Expenditure	
	Other materials	
		16 714 934

36.9	Statement of Performance	R	R
	Balance previously reported	16 792 861	
	Correction of error (see note 36.1 (ii))	281 798	
	Correction of error (see note 36.1 (ix))	(373)	
	Correction of error (see note 36.1 (vi))	1 886 194	
	Correction of error (see note 36.1 (x))	5 441	
	Correction of error (see note 36.1 (xi))	(11 497)	
	Correction of error (see note 36.1 (xii))	(1 695)	
	Correction of error (see note 36.1 (xii))	(80 929)	
		2 078 940	
	Effect on Rentals of facilities		
	Effect on Property Taxes		
	Effect on Other Income		
	Effect on Finance charges		
	Effect on Repairs and Maintenance		281 798
	Effect on Interest Earned- outstanding debtors		
	Effect on Employee Related cost		
	Effect on Impairments /write offs		(373)
	Effect on Government Grants and Subsidies		
	Effect on reversal of impairmentsr		
	Effect on Depreciation and Amortisation		1 797 514
	Total	18 871 801	

	2017 R	2016 R
37 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	13 589 060	18 859 013
Adjustments for:		
Depreciation	8 973 495	8 677 283
Amortisation of Intangible Assets	71 829	68 211
Contributed Assets	(85 810)	(58 000)
Loss on disposal of Property, Plant and Equipment	(1 037 865)	(1 816 837)
Gain on disposal of Property, Plant and Equipment	1 676	30 954
Debt Impairment	19 255 415	13 886 399
Debt Impairment reversal	-	(2 634 323)
Reversal of impairments	-	(93 368)
Bad debts written off	3 363 702	(5 088 574)
Stock adjustments	-	327 681
Contribution to current employee benefits	1 596 784	818 743
Contribution from/to employee benefits	6 973 335	3 210 093
Contribution to Landfill site	2 077 648	3 585 571
Actuarial Gains/losses	(2 771 191)	(2 062 771)
Impairments/write off	240 172	22 860
Grants Received	57 282 187	57 561 848
Grant Expenditure	(49 337 118)	(60 642 520)
Operating lease income accrued	6 105	(8 252)
Operating Surplus/(Deficit) before changes in working capital	60 199 424	34 644 011
Changes in working capital	(26 706 164)	(20 709 675)
Increase/(Decrease) in Payables for Exchange Transactions	945 310	(9 560 207)
Increase/(Decrease) in Taxes	(284 221)	236 746
(Increase)/Decrease in Inventory	(226 975)	(729 571)
(Increase)/Decrease in Trade and other receivables	(27 140 278)	(10 656 644)
Cash generated/(absorbed) by operations	33 493 261	13 934 336
38 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 22	-	-
Cash Floats - Note 22	6 171	6 171
Bank - Note 22	51 721 332	36 427 463
Total cash and cash equivalents	51 727 503	36 433 634
39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 38	51 727 503	36 433 634
Less:	51 727 503	36 433 634
	(19 711 329)	(12 390 241)
Unspent Committed Conditional Grants - Note 10	(11 504 569)	(3 899 260)
Unpaid Government Grants	-	-
VAT - Note 12	1 793 239	1 509 018
Capital Replacement Fund	(10 000 000)	(10 000 000)
Resources available for other and working capital requirements	32 016 174	24 043 393

40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	35 509 647	38 543 325
Used to finance property, plant and equipment - at cost	(35 509 647)	(38 543 325)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

41 BUDGET COMPARISONS

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
41.1 Operational				
Revenue by source				
Property taxes	32 603 168	32 347 700	255 468	0
Government Grants and Subsidies - Capital	14 242 358	18 716 000	(4 473 642)	(0)
Government Grants and Subsidies - Operating	35 094 759	50 760 718	(15 665 959)	(0)
Fines	33 047 932	26 074 000	6 973 932	0
Actuarial Gains	2 800 008	-	2 800 008	1
Service Charges	100 363 529	98 698 590	1 664 939	0
Rental of Facilities and Equipment	1 386 567	1 366 520	20 047	0
Interest Earned - external investments	3 535 777	2 330 000	1 205 777	1
Interest Earned - outstanding debtors	1 728 511	1 725 000	3 511	0
Licences and Permits	939 863	893 300	46 563	0
Reversal of impairments	-	-	-	-
Agency Services	1 663 701	1 575 000	88 701	0
Stock Adjustments	8 081	-	8 081	1
Contributed Assets	85 810	-	85 810	1
Other Income	2 256 753	1 683 675	573 078	0
Gain on disposal of Property, Plant and Equipment	1 037 865	1 300 000	(262 135)	(0)
	230 794 681	237 470 503	(6 675 822)	(0)
Expenditure by nature				
Employee Related Costs	74 871 857	76 176 838	(1 304 981)	0
Remuneration of Councillors	4 379 308	4 666 075	(286 767)	0
Debt Impairment	19 255 415	20 000 200	(744 785)	0
Bad debts written-off	3 363 702	-	3 363 702	(1)
Depreciation and Amortisation	9 045 324	9 288 100	(242 776)	0
Impairments/Write- offs	240 172	-	240 172	(1)
Repairs and Maintenance	13 088 438	14 699 136	(1 610 698)	0
Actuarial losses	28 817	-	28 817	(1)
Stock Adjustments	-	-	-	-
Finance Charges	9 145 271	6 093 450	3 051 821	(1)
Bulk Purchases	50 442 322	52 615 000	(2 172 678)	0
Grants and Subsidies	1 484 018	1 490 000	(5 982)	0
Operating Grant Expenditure	-	-	-	-
General Expenses	31 859 300	48 750 729	(16 891 429)	0
Loss on disposal of Property, Plant and Equipment	1 676	-	1 676	(1)
	217 205 621	233 779 528	(16 573 907)	0
Net Surplus for the year	13 589 060	3 690 975	9 898 085	3

		2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
41.2	Expenditure by Vote				
	Corporate Services	31 322 284	29 026 664	2 295 620	0
	Municipal Manager	7 096 082	7 334 646	(238 564)	(0)
	Community Services	59 851 945	69 596 707	(9 744 762)	(0)
	Engineers Service	97 590 891	103 397 284	(5 806 393)	(0)
	Finance Service	21 336 339	24 424 227	(3 087 888)	(0)
		217 197 540	233 779 528	(16 581 988)	(0)
		2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
41.3	Capital expenditure by vote				
	Corporate Services	66 581	92 500	(25 919)	(0)
	Municipal Manager	36 799	39 545	(2 746)	(0)
	Community Services	4 029 461	7 746 967	(3 717 506)	(0)
	Engineers Service	10 471 097	12 496 051	(2 024 954)	(0)
	Finance Service	186 212	203 500	(17 288)	(0)
		14 790 150	20 578 563	(5 788 413)	(0)
42	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			2017 R	2016 R
42.1	<u>Unauthorised expenditure</u>				
	Reconciliation of unauthorised expenditure:				
	Opening balance			-	-
	Unauthorised expenditure current year - capital				
	Unauthorised expenditure current year - operating				
	Condoned by council				
	Transfer to receivables for recovery			-	-
	Unauthorised expenditure awaiting authorisation			-	-

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

2017
R

2016
R

42.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	2 304	1 214 071
Fruitless and wasteful expenditure current year	124 264	2 304
Written off by council	(126 568)	(1 214 071)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	-	2 304

Incident	Disciplinary steps/criminal proceedings
<i>Changes to bank details</i>	<i>Written off</i>
<i>Assets insured which are previously written off</i>	<i>Written off</i>

124 264	
2 304	2 304
126 568	2 304

42.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	-	15 127
Irregular expenditure current year	33 882	269 904
Investigated and written off by Council	(33 882)	(285 031)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	-	-

Irregular expenditure awaiting condonement from National Treasury

Incident	Disciplinary steps/criminal proceedings
<i>Directors in service of the state- Pienaar Brothers</i>	<i>Written off</i>
<i>Remuneration of Director of Community Services</i>	<i>Written off</i>
<i>T Sedgewick Holdings (Pty) LTD-non compliance with SCM</i>	<i>Written off</i>

	238 238
33 882	31 665
33 882	269 903

42.4 **Material Losses**

Water distribution losses

- Kilo litres disinfected/purified/purchased	1 719 003	1 892 083
- Kilo litres lost during distribution	400 357	636 078
- Percentage lost during distribution	23.29%	33.62%

Electricity distribution losses

- Units purchased (Kwh)	51 470 696	54 179 622
- Units lost during distribution (Kwh)	6 612 007	7 079 422
- Percentage lost during distribution	12.85%	13.07%

2017
R

2016
R

43 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

43.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	-	-
Council subscriptions	751 633	717 946
Amount paid - current year	(751 633)	(717 946)
Amount paid - previous years	-	-
Balance unpaid (in dispute)	-	-

		2017 R	2016 R
43.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year audit fee	2 165 763	2 715 682
	External Audit - Auditor-General Audit Committee	2 112 299 53 464	2 652 535 63 147
	Amount paid - current year	(2 165 763)	(2 715 682)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
43.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	VAT balance at year end - Refer to note 12	1 793 239	1 509 018
	Closing balance - Receivable	1 793 239	1 509 018
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.			
43.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	10 425 447	8 878 594
	Amount paid - current year	(10 425 447)	(8 878 594)
	Balance unpaid (included in creditors)	-	-
43.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	18 717 839	16 373 968
	Amount paid - current year	(18 717 839)	(16 373 968)
	Balance unpaid (included in creditors)	-	-
43.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	No Councillors had arrear accounts for more than 90 days as 30 June 2016		
43.7	<u>Deviations from Supply Chain Management Regulations</u>		
	Non-compliance summary		
	<u>SCM regulation</u>	<u>Description</u>	
	36(1)(a)(i)	Emergency/Urgent	88 990 283 649
	36(1)(a)(ii)	Sole Supplier	73 381 613 255
	36(1)(a)(v)	Impracticable/ Impossible	4 216 855 2 613 826
	36(1)(b)	Minor breaches	13 552 -
			4 392 778 3 510 730
	<u>Department:</u>		
	Corporate Services	161 107	241 971
	Community Services	181 833	1 852 629
	Engineers Service	3 841 031	1 105 818
	Municipal Manager	35 548	105 002
	Finance Service	173 259	205 310
		4 392 778	3 510 730
	<u>Per Quarter</u>	<u>< R30000</u>	<u>>R30000</u>
	1	116 283	141 615
	2	150 088	538 531
	3	196 464	231 100
	4	165 759	679 243
	Total	628 594	1 590 488
			<u><R200000</u>
			<u>>R200000</u>
			1 280 707 677 061
			688 618 395 642
			427 564 373 671
			1 995 889 2 064 355
			4 392 778 3 510 729

43.8 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).

Company	Name	Relation		
Heins Auto Elektries	J.de Jager	Brother	73 748	47 158
Exeo Khokela Civil Engineers	T.Meyer	Brother	0	161 528
Lebazi Brothers	Clr Lebazi	Aunt	238 486	301 954
Theresa Rossouw	C Rossouw	Husband	0	4 350
Kemanzi	JN. Du Toit	Husband	634 870	392 539
Eldrid and Sons Trading	Clr du Plessis	Brother	5 535	0
			952 638	907 529

43.9 Other non-compliance (MFMA 125(2)(e))

Creditors payments were not made within 30 days as required by the MFMA.

44 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

		2017 R	2016 R
Approved and contracted for:		16 797 414	11 298 586
Total commitments consist out of the following:	Contract/Tender		
Upgrading and re-location Barrydale Sewerage Treatment Plant	222/2010	-	159 305
Upgrading Water Treatment Works-Suurbraak	T02/12-13WTW02	2 466 573	2 392 793
Upgrading Waste Water Treatment Works-Suurbraak	T02/12-13WTW02	1 139 798	1 625 378
Supply and Installation of mechanical and electrical equipment	SMT05/15/16		84 096
Provision of Professional Services: Barrydale Bulk Water Reservoir	SMT14/15/16	2 008 902	2 125 169
Upgrading of gravel roads in Raiton	SMT24/15/16	-	4 197 748
Upgrading of Suurbraak Library	SMT34/15/16	-	714 097
Clubhouse & Required Upgrading at the Raiton Sports Grounds, Swellendam	SMT33/16/17	4 009 079	-
Clubhouse & Required Upgrading at the Raiton Sports Grounds, Swellendam	SMT02/12/13/SF	284 130	-
Upgrading of Barrydale Bulkwater Supply	SMT23/16/17	6 888 932	-
		16 797 414	11 298 586
This expenditure will be financed from:			
External Loans		-	-
Government Grants		16 797 414	11 298 586
		16 797 414	11 298 586

FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% Increase in interest rates	(151 030)	(273 437)
0.5% Decrease in interest rates	75 515	136 718

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 and 20 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	2.12%	137 248	5%	384 714
Other debtors	0.72%	372 378	0%	112 133
Traffic Fines	26.56%	13 812 622	31%	9 714 809

Exchange Receivables

Electricity	-6%	(159 937)	5%	122 384
Water	6%	228 338	8%	293 786
Refuse	8%	197 482	8%	225 777
Sewerage	7%	300 768	8%	360 540
Other	1%	26 567	-1%	(27 731)
	3.78%	593 219	6%	974 755

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	11.07%	6 471 327	19%	7 567 112
Traffic Fines	88.93%	52 001 819	81%	31 305 505
	100.00%	58 473 146	100%	38 872 617
<u>Exchange Receivables</u>				
Electricity	16.52%	2 594 839	16%	2 639 297
Water	23.72%	3 725 026	24%	3 868 785
Refuse	16.66%	2 617 493	17%	2 725 248
Sewerage	27.55%	4 327 619	27%	4 425 072
Other	15.55%	2 441 959	15%	2 458 688
	100.00%	15 706 936	100.00%	16 117 089
	2017 %	2017 R	2016 %	2016 R

Bad debts written off per debtor class:

Non-Exchange Receivables

Rates	100.00%	681 978	100%	265 206
Traffic Fines	0.00%	-		3 893 660
	100.00%	681 978	100%	4 158 866

Exchange Receivables

Electricity	10.19%	273 151	0%	81 666
Water	16.71%	448 182	0%	252 949
Refuse	15.79%	423 494	0%	205 320
Sewerage	24.58%	659 200	0%	244 150
Other	32.73%	877 698	0%	145 624
	100.00%	2 681 724	-	929 709

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE . The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2017 R	2016 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	8 369 575	8 019 780
Receivables from non-exchange transactions	16 520 523	12 349 157
Cash and Cash Equivalents	51 727 503	36 433 634
	<u>76 617 600</u>	<u>56 802 571</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Long Term liabilities - Annuity Loans	5 625 724	22 065 636	22 113 181	10 213 579
Capital repayments	2 027 391	10 011 084	13 675 578	8 405 469
Interest	3 598 333	12 054 552	8 437 603	1 808 110
Long Term liabilities - Hire Purchases	566 175	1 698 525	-	-
Capital repayments	402 694	1 452 685	-	-
Interest	163 481	245 840	-	-
Provisions - Landfill Sites	17 181 911	18 068 509	-	11 731 506
Capital repayments	16 133 250	15 930 269	-	2 587 994
Interest	1 048 661	2 138 240	-	9 143 513
Trade and Other Payables	9 498 175	-	-	-
Unspent conditional government grants and receipts	11 504 569	-	-	-
	<u>44 376 553</u>	<u>41 832 670</u>	<u>22 113 181</u>	<u>21 945 085</u>

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2016				
Long Term liabilities - Annuity Loans	6 570 588	22 258 729	24 370 826	13 388 566
Capital repayments	2 725 703	9 107 517	14 320 269	10 441 372
Interest	3 844 885	13 151 211	10 050 557	2 947 194
Long Term liabilities - Finance Lease Liability			-	-
Capital repayments			-	-
Interest			-	-
Long Term Liabilities - Hire Purchases	566 175	2 264 701		
Capital repayments	374 883	1 855 380		
Interest	191 292	409 321		
Provisions - Landfill Sites	15 943 035	17 483 526	-	8 734 802
Capital repayments	15 147 776	14 995 560		2 430 527
Interest	795 258	2 487 965		6 304 275
Trade and Other Payables	7 738 425	-	-	-
Unspent conditional government grants and receipts	3 899 260	-	-	-
	<u>34 717 482</u>	<u>42 006 955</u>	<u>24 370 826</u>	<u>22 123 368</u>

46	FINANCIAL INSTRUMENTS		2017 R	2016 R
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:			
46.1	<u>Financial Assets</u>	<u>Classification</u>		
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	8 369 575	8 019 780
	Receivables from non-exchange transactions	Financial instruments at amortised cost	372 379	161 046
	Other Receivables			
	Government subsidies and grants	Financial instruments at amortised cost	-	-
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	-	-
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	51 721 332	36 427 463
	Cash Floats and Advances	Financial instruments at amortised cost	6 171	6 171
			<u>60 469 457</u>	<u>44 614 461</u>

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost

60 469 457

44 614 461

At amortised cost**60 469 457****44 614 461****FINANCIAL INSTRUMENTS (CONTINUE)****46.2 Financial Liability****Classification****Long-term Liabilities**

Annuity Loans

Financial instruments at amortised cost

31 626 877

33 634 796

Capitalised Lease Liability

Financial instruments at amortised cost

-

Hire Purchases

Financial instruments at amortised cost

1 452 685

1 855 380

Payables from exchange transactions

Trade creditors

Financial instruments at amortised cost

9 498 175

7 738 425

Accrued interest

Financial instruments at amortised cost

684 639

713 007

Retentions

Financial instruments at amortised cost

1 181 375

1 722 216

Deposits

Financial instruments at amortised cost

530 791

372 956

Other

Financial instruments at amortised cost

(8 597)

136 597

Other Payables

Government Subsidies and Grants

Financial instruments at amortised cost

11 504 568

3 899 258

Current Portion of Long-term Liabilities

Annuity Loans

Financial instruments at amortised cost

2 027 391

2 678 267

Hire Purchases

Financial instruments at amortised cost

402 694

374 883

58 900 598**53 125 785****SUMMARY OF FINANCIAL LIABILITY**

Financial instruments at amortised cost

58 900 598**53 125 785****47 STATUTORY RECEIVABLES**

In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows;

Taxes

Vat receivable

1 793 239

1 509 018

Receivables from Non Exchange Transactions

Property rates

2 335 522

2 257 355

Fines

13 812 622

9 826 942

48 EVENTS AFTER THE REPORTING DATE

None

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51 CONTINGENT LIABILITIES**Guarantees held at First National Bank**

- Eskom R2 000

- Department of Minerals and Energy, RSA R20000

Swellendam Municipality vs M Steenkamp - Case Number 1826/2014

Defended litigation: Claim for wasted expenditure and counter claim for damages: Legal cost approximately R550 000

52 RELATED PARTIES**52.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

52.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

52.3 Compensation of Councillors

The compensation of Councillors is set out in note 28 to the Annual Financial Statements.

52.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

See note 43.8

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

	2017 Services and rates	2017 Outstanding Balance	2016 Services and rates	2016 Outstanding Balance
The following transactions were made :				
Key management				
CM Africa	11800	966	11 116	400
H Schlebusch	15291	185	13 013	1 013
D Du Plessis	17123	1316	16 267	1 756
	<u>44214</u>	<u>2467</u>	<u>40 397</u>	<u>3 170</u>
Councillors				
			2017 Services and rates	2017 Outstanding Balance
Lambrechts			148 287	14 967
Matthysen			11 187	13 925
Du Plessis			5 255	467
Koch			42 274	3 988
Jonker-du Plessis			266	22
Swart			4 793	1 124
Pokwas			11 391	1 084
Nortje			22 322	2169
Du Rand			10 080	752
			<u>255 855</u>	<u>38 498</u>

SWELLENDAM MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

13 Property, Plant and Equipment

30 JUNE 2017

	Cost							Accumulated Depreciation						
	Opening Balance R	Correction of errors	Restated Opening Balances	Additions R	Transfer to other assets	Disposals/Write off R	Closing Balance R	Opening Balance Accumulated Depreciation R	Correction of errors	Restated Opening Balances	Depreciation Charge R	Transfer to other assets	Disposal of Assets	Closing balance Accumulated Depreciation
Land and Buildings	24 574 340	-	24 574 340	70 656	(195 000)	-	24 449 996	510 023	-	510 023	90 422	-	-	600 445
Land	16 557 248		16 557 248	-	(301 526)		16 255 722	-		-				-
Buildings	4 511 068		4 511 068	-	(4 511 068)		(0)	324 157		324 157		(324 157)		(0)
Fencing	205 848		205 848	-	3 200		209 048	9 717		9 717	2 164	284		12 165
Municipal Buildings	3 300 177		3 300 177	70 656	4 614 394		7 985 227	176 149		176 149	88 258	323 873		588 280
Infrastructure	255 443 640	-	255 443 640	10 296 245	-	(153 391)	265 586 494	37 766 936	-	37 766 936	5 012 955	-	(144 762)	42 635 129
Bridges, subways & culverts	42 390 596		42 390 596	2 805 964			45 196 560	4 523 548		4 523 548	679 102			5 202 650
Mains	23 851 850		23 851 850	619 402	802 364		25 273 616	6 896 234		6 896 234	524 452			7 420 686
Meters	3 350 596		3 350 596	-			3 350 596	1 008 252		1 008 252	77 262			1 085 514
Other	227 112		227 112				227 112	129 100		129 100	7 176			136 276
Other roads	45 461 736		45 461 736	1 539 525		(153 391)	46 847 870	6 415 225		6 415 225	1 087 739		(144 762)	7 358 202
Pump stations	2 184 158		2 184 158				2 184 158	927 570		927 570	86 698			1 014 268
Purification works	78 505 505		78 505 505	299 814			78 805 319	6 135 590		6 135 590	1 872 663			8 008 253
Reservoirs & tanks	5 270 078		5 270 078				5 270 078	666 677		666 677	108 055			774 732
Sewers	21 093 169		21 093 169				21 093 169	5 562 066		5 562 066	256 147			5 818 213
Supply/reticulation	20 698 961		20 698 961	230 453			20 929 414	4 971 369		4 971 369	263 127			5 234 496
Switchgear equipment	2 180 599		2 180 599	-			2 180 599	531 304		531 304	50 534			581 838
Traffic lights	1		1	-			1	1		1				1
Work in progress	10 229 279		10 229 279	4 801 087	(802 364)		14 228 002	-		-				-
Community Assets	21 600 637	-	21 600 637	3 788 208	-	-	25 388 846	1 140 729	-	1 140 729	191 048	(1)	-	1 331 776
Cemeteries	139 000		139 000				139 000	1 387		1 387	173	-		1 560
Clinics/hospitals	327 074		327 074				327 074	22 661		22 661	2 832			25 493
Community Centres	7 905 568		7 905 568	55 674	(90 360)		7 870 882	568 082		568 082	89 804	12 087		669 973
Indoor Sports	1 296 820		1 296 820		(403 000)		893 820	81 447		81 447	11 297	-		92 744
Libraries	3 400 915		3 400 915	1 048 624			4 449 539	133 274		133 274	39 377			172 651
Office Buildings	2 043 300		2 043 300		1 754		2 045 054	104 441		104 441	11 681	(12 147)		103 975
Outdoor sports facilities	2 150 536		2 150 536		1 315 000		3 465 536	84 280		84 280	19 369	56 766		160 415
Parks	4 138 789		4 138 789	150 974	(823 393)		3 466 370	97 530		97 530	7 283	(56 643)		48 170
Public conveniences/bathhouses	38 566		38 566				38 566	7 528		7 528	1 234	-		8 762
Tip sites	160 070		160 070	-			160 070	40 098		40 098	7 998	(64)		48 032
Work in progress				2 532 936			2 532 936				-			
Lease Assets	687 005	-	687 005	-		-	687 005	556 503	-	556 503	69 385	-	-	625 888
Office Equipment	687 005		687 005	-			687 005	556 503		556 503	69 385			625 888
Other Assets	24 187 049	-	24 187 049	708 737		(562 819)	24 332 967	12 313 203	-	12 313 203	1 079 514	-	(538 919)	12 853 798
Air conditioners	604 432		604 432	11 475		(12 520)	603 387	315 326		315 326	43 623		(12 520)	346 429
Cabinets/cupboards	834 455		834 455	20 265		(9 071)	845 649	326 453		326 453	41 782		(9 030)	359 205
Chairs	1 099 979		1 099 979	78 252		(33 198)	1 145 033	453 382		453 382	57 171		(28 490)	482 063
Computer hardware	3 217 547		3 217 547	362 880		(281 454)	3 298 973	1 804 586		1 804 586	219 778		(275 671)	1 748 693
General plant	824 826		824 826	25 439		(14 765)	835 500	666 665		666 665	32 647		(14 283)	685 029
Generator	292 149		292 149			(15 863)	276 286	207 713		207 713	23 096		(15 808)	215 001
Graders	1 136 080		1 136 080				1 136 080	559 180		559 180	89 798			648 978
Lawnmowers	531 630		531 630			(40 289)	491 341	168 123		168 123	59 625		(40 289)	187 459
Mechanical horses	1 247 577		1 247 577				1 247 577	615 110		615 110	17 913			633 023
Miscellaneous furniture	1 221 444		1 221 444	158 810		(19 971)	1 360 283	621 169		621 169	79 975		(18 999)	682 145
Office machines	340 296		340 296	13 168		(16 432)	337 032	263 970		263 970	16 936		(16 270)	264 636
Radio equipment	173 420		173 420	2 450		(9 108)	166 762	146 454		146 454	8 130		(8 541)	146 043
Security systems	103 342		103 342			(2 322)	101 020	77 725		77 725	4 912		(1 697)	80 940
Tables/desks	923 240		923 240	21 163		(18 064)	926 339	349 179		349 179	47 561		(15 326)	381 414
Telecommunication equipment	148 120		148 120				148 120	137 836		137 836	1 344			139 180
Tipsters	-		-				-	0		0				0
Tools	1 070 358		1 070 358	14 835		(25 762)	1 059 431	711 521		711 521	66 501		(21 602)	756 420
Tractors	483 173		483 173			(23 999)	459 174	109 973		109 973	10 387		(20 411)	99 950
Trucks/bakkies	8 924 489		8 924 489			(39 840)	8 884 649	4 228 851		4 228 851	213 115		(39 840)	4 402 126
Vehicles	1 010 493		1 010 493			(161)	1 010 332	549 986		549 986	45 219		(142)	595 063
	326 492 671	-	326 492 671	14 863 846	(195 000)	(716 210)	340 445 308	52 287 394	-	52 287 394	6 443 324	(1)	(683 681)	58 047 036

SWELLENHAM MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30 JUNE 2016

	Cost							Accumulated Depreciation						
	Opening Balance R	Corrections of errors	Restated Opening Balances	Additions R	Transfer to other assets	Disposals/Write offs R	Closing Balance R	Opening Balance R	Correction of errors	Restated Opening Balances	Depreciation Charge R	Transfer to other assets	Disposal of Assets	Closing balance Accumulated Depreciation
Land and Buildings	36 584 838	(12 727 360)	23 857 478	56 255	1 800 000	(1 139 393)	24 574 340	491 666	(25 611)	466 055	97 156	-	(53 188)	510 023
Land	27 432 169	(12 237 362)	15 194 807		1 800 000	(437 559)	16 557 248	-		-				-
Buildings	5 413 686	(257 040)	5 156 646	56 255		(701 833)	4 511 068	346 426	(19 002)	327 424	49 921		(53 188)	324 157
Fencing	205 848		205 848				205 848	7 547		7 547	2 170			9 717
Municipal Buildings	3 533 135	(232 958)	3 300 177				3 300 177	137 693	(6 609)	131 084	45 065			176 149
Infrastructure	241 003 922	-	241 003 922	14 439 714		-	255 443 637	49 739 557	(18 637 219)	31 102 338	6 664 598	(0)	-	37 766 936
Bridges, subways & culverts	22 323 096		22 323 096	403 558	19 663 944		42 390 597	1 130 645	(664 073)	466 572	685 856	3 371 121		4 523 548
Mains	22 624 875		22 624 875	1 527 516	(300 542)		23 851 849	8 617 395	(1 119 651)	7 497 744	620 681	(1 222 191)		6 896 234
Meters	1 835 819		1 835 819	1 513 150	1 627		3 350 596	878 729	82 537	961 266	46 985	0		1 008 252
Other	11 354 940		11 354 940	-	(11 127 829)		227 111	1 055 676	(58 685)	996 991	12 297	(880 188)		129 100
Other roads	49 594 725		49 594 725	789 282	(4 922 271)		45 461 736	16 551 769	(12 573 774)	3 977 995	2 424 861	12 369		6 415 225
Pump stations	2 365 461		2 365 461	-	(181 303)		2 184 158	1 108 024	(276 176)	831 848	97 992	(2 270)		927 570
Purification works	12 936 280		12 936 280	237 268	65 331 956		78 505 505	1 616 658	(2 306 117)	(689 459)	2 015 877	4 809 173		6 135 590
Reservoirs & tanks	8 579 013		8 579 013	2 658 711	(5 967 647)		5 270 077	3 446 606	(365 149)	3 081 457	82 640	(2 497 420)		666 677
Sewers	83 089 056		83 089 056	-	(61 995 887)		21 093 169	10 611 516	(517 799)	10 093 717	274 093	(4 805 744)		5 562 066
Supply/reticulation	21 509 551		21 509 551		(810 591)		20 698 960	4 603 342	(766 371)	3 836 971	342 569	791 829		4 971 369
Switchgear equipment	294 646		294 646	-	1 885 953		2 180 599	119 196	(71 961)	47 235	60 749	423 319		531 304
Traffic lights	514 275		514 275	-	(514 274)		1	0		0		0		1
Work in progress	3 982 185		3 982 185	7 310 229	(1 063 135)		10 229 279	-		-		-		-
Community Assets	16 436 941	5 152 972	21 589 913	10 724		-	21 600 637	719 402	280 578	999 980	140 749	-	(54 390)	1 140 729
Cemeteries	139 000		139 000	-			139 000	1 213		1 213	174			1 387
Clinics/hospitals	327 074		327 074	-			327 074	19 822		19 822	2 839			22 661
Community Centres	4 163 547	3 742 021	7 905 568	-			7 905 568	261 647	265 784	527 431	40 651			568 082
Indoor Sports	1 231 320		1 231 320	-	65 500		1 296 820	70 119		70 119	11 328			81 447
Libraries	3 384 565	16 350	3 400 915	-			3 400 915	100 612	1 159	101 771	31 503			133 274
Office Buildings	2 043 300		2 043 300	-			2 043 300	80 517		80 517	23 924			104 441
Outdoor sports facilities	2 116 000	23 812	2 139 812	10 724			2 150 536	67 412	7 211	74 623	9 657			84 280
Parks	2 833 500	1 370 789	4 204 289	-	(65 500)		4 138 789	79 691	6 424	86 115	11 416			97 530
Public conveniences/bathhouses	38 566		38 566	-			38 566	6 291		6 291	1 237			7 528
Tip sites	160 070		160 070	-			160 070	32 078		32 078	8 020			40 098
Lease Assets	741 395	-	741 395	-		(54 390)	687 005	527 324	-	527 324	83 569	-	(54 390)	556 503
Office Equipment	741 395		741 395	-		(54 390)	687 005	527 324		527 324	83 569		(54 390)	556 503
Other Assets	20 957 355	117 060	21 074 415	3 171 068		(58 432)	24 187 051	11 304 055	14 998	11 319 053	1 022 164	0	(28 013)	12 313 203
Air conditioners	575 188	7 984	583 172	21 260			604 432	267 009	4 257	271 266	44 060			315 326
Cabinets/cupboards	828 245	(2 957)	825 288	9 167			834 455	284 959	(1 182)	283 777	41 879	796		326 453
Chairs	1 077 660	4 120	1 081 780	22 934		(4 734)	1 099 980	383 836	1 647	385 483	70 009	(60)	(2 050)	453 382
Computer hardware	3 053 175	(71 675)	2 981 500	236 047			3 217 547	1 571 750	(49 245)	1 522 505	282 079	3		1 804 586
General plant	714 680	75 761	790 441	34 386			824 827	617 440	20 714	638 154	28 512			666 665
Generator	246 167	45 982	292 149				292 149	180 632	9 393	190 025	17 688			207 713
Graders	1 136 080		1 136 080				1 136 080	472 836		472 836	86 344			559 180
Lawnmowers	394 590		394 590	141 235		(4 195)	531 630	100 600		100 600	69 759		(2 236)	168 123
Mechanical horses	1 247 577		1 247 577				1 247 577	599 150		599 150	15 960			615 110
Miscellaneous furniture	1 045 551	62 691	1 108 242	113 704		(503)	1 221 444	509 392	33 586	542 978	79 238	(796)	(251)	621 169
Office machines	347 854	(7 558)	340 296				340 296	274 903	(5 857)	269 046	(688)	(4 389)		263 970
Radio equipment	173 420		173 420				173 420	137 235		137 235	8 196	1 023		146 454
Security systems	103 342		103 342				103 342	66 695		66 695	7 611	3 420		77 725
Tables/desks	919 838	(514)	919 324	4 870		(954)	923 240	297 946	(194)	297 752	51 665	1	(239)	349 179
Telecommunication equipment	146 223		146 223		1 897		148 120	127 518		127 518	10 317	1		137 836
Tipsters	200 119		200 119		(200 119)		-	83 323		83 323	-	(83 323)		0
Tools	824 474	3 226	827 700	44 436	198 222		1 070 358	563 232	1 879	565 111	73 288	73 122		711 521
Tractors	231 143		231 143	252 030			483 173	714 454		714 454	3 448	(607 929)		109 973
Trucks/bakkies	6 741 023		6 741 023	2 230 273		(46 807)	8 924 489	3 666 595		3 666 595	93 061	492 323	(23 127)	4 228 851
Vehicles	951 006		951 006	60 726		(1 239)	1 010 493	384 548		384 548	39 739	125 808	(110)	549 986
	315 724 451	(7 457 328)	308 267 123	17 677 761	1 800 000	(1 252 215)	326 492 671	62 782 004	(18 367 254)	44 414 750	8 008 235	0	(135 591)	52 287 394

SWELLENDAAM MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Accumulated Impairment								Carrying value
Opening Balance Accumulated Impairment	Correction of errors	Restated Opening Balances	Impairments	Transfer to other assets	Disposals/Write off R	Closing balance Accumulated Impairments	Total Closing Balance R	R
6 087 638	-	6 087 638	98 654	-	-	6 186 292	6 786 737	17 663 257
5 950 493		5 950 493	98 654			6 049 147	6 049 147	10 206 575
137 145		137 145				137 145	137 145	(137 144)
-		-				-	12 165	196 883
-		-				-	588 280	7 396 946
5 234	-	5 234	-	-	-	5 234	42 640 362	222 946 134
-		-	-	-	-	-	5 202 650	39 993 910
-		-	-	-	-	-	7 420 686	17 852 932
-		-	-	-	-	-	1 085 514	2 265 082
-		-	-	-	-	-	136 276	90 836
-		-	-	-	-	-	7 358 202	39 489 669
-		-	-	-	-	-	1 014 268	1 169 890
-		-	-	-	-	-	8 008 253	70 797 065
-		-	-	-	-	-	774 732	4 495 346
-		-	-	-	-	-	5 818 213	15 274 956
5 234		5 234	-	-	-	5 234	5 239 730	15 689 685
-		-	-	-	-	-	581 838	1 598 761
-		-	-	-	-	-	1	0
-		-	-	-	-	-	-	14 228 002
985 659	-	985 659	17 000		-	1 002 659	2 334 435	23 054 410
-		-				-	1 560	137 440
-		-				-	25 493	301 581
95 607		95 607				95 607	765 580	7 105 302
17 000		17 000				17 000	109 744	784 076
138 742		138 742				138 742	311 393	4 138 146
78 310		78 310				78 310	182 285	1 862 768
212 000		212 000				212 000	372 415	3 093 120
444 000		444 000	17 000			461 000	509 170	2 957 200
-		-				-	8 762	29 802
-		-				-	48 032	112 038
-		-				-	-	2 532 936
-	-	-					625 888	61 117
-		-				-	625 888	61 117
-	-	-			-		12 853 798	11 479 166
-		-				-	346 429	256 959
-		-				-	359 205	486 444
-		-				-	482 063	662 970
-		-				-	1 748 693	1 550 279
-		-				-	685 029	150 469
-		-				-	215 001	61 285
-		-				-	648 978	487 103
-		-				-	187 459	303 883
-		-				-	633 023	614 554
-		-				-	682 145	678 139
-		-				-	264 636	72 396
-		-				-	146 043	20 719
-		-				-	80 940	20 079
-		-				-	381 414	544 923
-		-				-	139 180	8 941
-		-				-	0	(0)
-		-				-	756 420	303 009
-		-				-	99 950	359 223
-		-				-	4 402 126	4 482 522
-		-				-	595 063	415 269
7 078 531	-	7 078 531	115 654	-	-	7 194 185	65 241 220	275 204 084

SWELLEN DAM MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Accumulated Impairment							Carrying value
Opening Balance Accumulated Impairment	Correction of errors	Restated Opening Balances	Impairments	Transfer to other assets	Disposals/Write off R	Closing balance Accumulated Impairments	Total Closing Balance R
8 201 391	(2 132 000)	6 069 391	20 000	-	(1 753)	6 087 638	6 597 661
8 044 806	(2 112 560)	5 932 246	20 000		(1 753)	5 950 493	5 950 493
156 585	(19 440)	137 145				137 145	461 302
-		-				-	9 717
-		-				-	176 149
5 234	-	5 234	-	-	-	5 234	37 772 169
-		-			-	-	4 523 548
-		-			-	-	6 896 234
-		-			-	-	1 008 252
-		-			-	-	129 100
-		-			-	-	6 415 225
-		-			-	-	927 570
-		-			-	-	6 135 590
-		-			-	-	666 677
-		-			-	-	5 562 066
5 234		5 234			-	5 234	4 976 603
-		-			-	-	531 304
-		-			-	-	1
-		-			-	-	10 229 279
831 799	151 000	982 799	2 860		-	985 659	2 126 388
-		-			-	-	1 387
-		-			-	-	22 661
31 747	61 000	92 747	2 860			95 607	663 689
3 500		3 500		13 500		17 000	98 447
138 742		138 742				138 742	272 016
78 310		78 310				78 310	182 751
212 000		212 000				212 000	296 280
367 500	90 000	457 500		(13 500)		444 000	541 530
-		-				-	7 528
-		-				-	40 098
					-		556 503
					-		556 503
					-		12 313 203
							11 873 845
		-					315 326
		-					326 453
		-					453 382
		-					1 804 586
		-					666 665
		-					207 713
		-					559 180
		-					168 123
		-					615 110
		-					621 169
		-					263 970
		-					146 454
		-					77 725
		-					349 179
		-					137 836
		-					0
		-					711 521
		-					109 973
		-					4 228 851
		-					549 986
9 038 424	(1 981 000)	7 057 423	22 860	-	(1 753)	7 078 531	59 365 924
							267 126 742

APPENDIX A - Unaudited
SWELLENDAAM LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2016	Correction of error	Restated Balance 30 June 2016	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2017
ANNUITY LOANS									
STREETS - DBSA	8.08%	61003251	2021	153 517		153 517		30 704	122 813
UPGRADING OF ELECTRICAL NETWORK-DBSA	8.53%	61003274	2021	578 934		578 934		105 261	473 673
INFRASTRUCTURE-DBSA	8.53%	61000017	2017	154 792		154 792		103 195	51 597
INFRASTRUCTURE- PHASE 2-DBSA	10.56%	61000149	2024	3 267 587		3 267 587		277 122	2 990 465
INFRASTRUCTURE- PHASE 4-DBSA	9.26%	61000638	2017	799 158		799 158		799 158	0
INFRASTRUCTURE- PHASE 3-DBSA	8.89%	61000371	2025	3 405 886		3 405 886		240 885	3 165 001
INFRASTRUCTURE-2007-DBSA	11.12%	61000744	2029	3 790 832		3 790 832		140 775	3 650 057
INFRASTRUCTURE-2008-DBSA	12.20%	61000846	2030	17 993 298		17 993 298		496 541	17 496 757
INFRASTRUCTURE -2015-ABSA	9.00%		2025	6 450 854	(281 798)	6 169 056		465 154	5 703 901
Total Annuity Loans				36 594 858	(281 798)	36 313 060		2 658 795	33 654 266
HIRE PURCHASES									
ABSA	8%		2021	2 230 263		2 230 263		374 883	1 855 380
Total Hire Purchases				2 230 263	-	2 230 263		374 883	1 855 380
TOTAL EXTERNAL LOANS				38 825 121	(281 798)	38 543 323		3 033 678	35 509 647

APPENDIX A - Unaudited
SWELLENDAM LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017

APPENDIX B - Unaudited
SWELLEN DAM LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
MUNICIPAL VOTES CLASSIFICATION

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2016 Budgeted Income	2017 Actual Income R	2016 Budgeted Expenditure
723 633	(14 194)	709 439	BUILDING CONTROL	600 000	637 578	27 335
795 210	(1 046 044)	(250 834)	CARAVAN PARK	819 120	815 826	1 307 626
40 904	(93 542)	(52 637)	CEMETERIES	48 000	46 727	120 870
262 450	(289 133)	(26 683)	COMMONAGE	119 400	113 197	396 415
11 900 747	(15 592 976)	(3 692 228)	COMMUNITY SERVICES	14 890 284	1 396 870	19 388 037
345 036	(7 791 066)	(7 446 029)	CORPORATE SERVICES	370 024	270 825	9 298 462
58 278 435	(15 427 850)	42 850 585	COUNCIL GENERAL	57 310 700	60 615 008	16 347 030
7 045	(5 815 251)	(5 808 206)	ELECTRICITY ADMIN	7 000	7 685	2 817 580
64 183 197	(47 679 013)	16 504 184	ELECTRICITY NETWORK	68 228 000	68 947 544	59 684 759
16 394 394	(9 106 264)	7 288 130	ENGINEERS SERVICES	19 096 039	13 245 577	7 528 447
7 625 020	(20 302 876)	(12 677 856)	FINANCIAL SERVICES	6 387 100	7 555 579	24 397 547
91 888	(549 862)	(457 974)	HALLS	99 000	104 209	812 380
60 000	(79 141)	(19 141)	IDP	140 000	78 096	157 822
292 358	(606 258)	(313 900)	IRRIGATION WATER	325 000	323 127	390 923
3 824 576	(3 726 390)	98 186	LIBRARY	5 693 275	5 698 902	4 919 439
-	(12 671)	(12 671)	LOCAL ECONOMIC DEVELOPMENT	76 392	55 545	63 459
10 793	(10 793)	-	MAIN ROADS	50 000	-	10 000
-	(4 858 158)	(4 858 158)	MUNICIPAL MANAGER	0	-	5 374 952
-	(342 874)	(342 874)	OFFICE BUILDINGS	0	-	333 100
-	(5 994 165)	(5 994 165)	PARKS	0	-	7 219 520
15 947	(5 299)	10 648	POUND	14 000	11 427	10 000
6 971 614	(10 693 894)	(3 722 280)	REFUSE	7 853 167	7 936 601	7 214 214
124 491	(21 100)	103 391	RENTED BUILDINGS	150 000	155 952	11 000
-	(933 395)	(933 395)	SEWERAGE ADMINISTRATION	0	-	691 580
10 816 641	(2 966 735)	7 849 906	SEWERAGE NETWORK	12 223 380	12 462 754	2 432 019
-	(3 771 920)	(3 771 920)	SEWERAGE PURIFICATION	0	-	2 363 720
4 301	(172 926)	(168 624)	SPORTS AND RECREATIONS	3 000	4 242	212 359
-	(15 303)	(15 303)	STORES	0	-	26 680
2 000	(953 391)	(951 391)	STORMWATER	2 000	1 000	1 020 000
-	(1 520 295)	(1 520 295)	STREET LIGHTS	0	-	1 776 600
19 605	(7 689 253)	(7 669 648)	STREETS	2 500	6 871	13 224 902
291 764	(618 525)	(326 761)	THUSONG MULTIPURPOSE CENTER	301 025	305 253	580 230
702 642	(1 726 970)	(1 024 328)	TOURISM	860 339	668 339	1 727 413
225 769	(2 473 812)	(2 248 042)	TOWN PLANNING	341 000	368 545	2 957 422
28 474 248	(24 055 396)	4 418 851	TRAFFIC AND LICENSING	28 518 300	35 627 730	27 812 032
-	(13 760)	(13 760)	WATER DAMS	0	-	20 000
11 527 491	(3 371 128)	8 156 363	WATER NETWORK	12 933 210	13 319 293	5 082 132
-	(4 597 209)	(4 597 209)	WATER PURIFICATION	9 248	6 298	5 174 262
-	(203 788)	(203 788)	WATER WORKS	0	-	228 020
-	(10 567)	(10 567)	WORKSHOP FLEET	0	-	619 240
224 012 200	(205 153 187)	18 859 013	TOTAL	237 470 503	230 786 601	233 779 528
INTERNAL CHARGES					11 719 743	
					242 506 343	

2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
(17 288)	620 290
(1 169 432)	(353 606)
(80 256)	(33 530)
(194 280)	(81 082)
(5 910 208)	(4 513 338)
(8 457 752)	(8 186 927)
(20 219 894)	40 395 114
(2 617 262)	(2 609 577)
(56 387 216)	12 560 328
(6 983 658)	6 261 919
(21 316 940)	(13 761 362)
(689 347)	(585 138)
(78 657)	(561)
(365 966)	(42 839)
(4 362 597)	1 336 305
(41 169)	14 376
-	-
(5 350 613)	(5 350 613)
(332 338)	(332 338)
(6 237 961)	(6 237 961)
(3 795)	7 633
(10 619 507)	(2 682 906)
(20 497)	135 455
(633 416)	(633 416)
(2 924 619)	9 538 135
(3 571 894)	(3 571 894)
(211 785)	(207 543)
(19 398)	(19 398)
(1 095 137)	(1 094 137)
(1 646 989)	(1 646 989)
(11 142 074)	(11 135 203)
(549 058)	(243 805)
(1 605 146)	(936 807)
(2 433 070)	(2 064 525)
(30 017 999)	5 609 731
(1 174)	(1 174)
(3 454 934)	9 864 360
(5 598 449)	(5 592 151)
(218 369)	(218 369)
(617 399)	(617 399)
(217 197 540)	13 589 060
(11 719 743)	
(228 917 283)	13 589 060

APPENDIX C - Unaudited
SWELLEN DAM LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUN
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2016 Budgeted Income	2017 Actual Income R	2016 Budgeted Expenditure
59 835 324	(25 996 054)	33 839 270	Corporate Services	58 741 124	62 005 154	(29 026 664)
887 133	(6 698 040)	(5 810 907)	Municipal Manager	1 226 731	957 932	(7 334 646)
52 411 199	(62 549 019)	(10 137 820)	Community Services	58 239 171	51 947 787	(69 596 707)
103 253 525	(89 591 895)	13 661 630	Engineers Service	112 876 377	108 320 149	(103 397 284)
7 625 020	(20 318 179)	(12 693 159)	Finance Service	6 387 100	7 555 579	(24 424 227)
224 012 200	(205 153 187)	18 859 013	Total	237 470 503	230 786 601	(233 779 528)
			INTERNAL CHARGES		11 719 743	
					242 506 343	

E 2017

2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
(31 322 284)	30 682 870
(7 096 082)	(6 138 150)
(59 851 945)	(7 904 157)
(97 590 891)	10 729 257
(21 336 339)	(13 780 760)
(217 197 540)	13 589 060
(11 719 743)	
(228 917 283)	13 589 060

APPENDIX D - Unaudited
SWELLEDAM LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2016	Correction of error	Balance 1 JULY 2016	Grants Received	Grants Re-paid and transferred	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2017
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R		R	R	R
<u>National Government Grants</u>								
Equitable Share	-	-	-	24 012 000		(24 012 000)		-
Local Government Financial Management Grant	-	-	-	1 625 000		(1 625 000)		-
Municipal Infrastructure Grant	26 438	-	26 438	17 337 000		(569 500)	(10 961 990)	5 831 948
Municipal Systems Improvement Grant	256 797	-	256 797		(256 797)			-
EPWP	35 238	-	35 238	1 177 000	(35 238)	(1 177 000)		-
INEG	-	-	-	2 000 000			(1 681 671)	318 329
Total National Government Grants	318 473	-	318 473	46 151 000	(292 035)	(27 383 500)	(12 643 661)	6 150 277
<u>Provincial Government Grants</u>								
Social Plan Fund	26 392		26 392				(17 545)	8 847
Economic Development Plan	50 000		50 000			(38 000)		12 000
Multi Purpose Sentrum	76 025		76 025				(63 215)	12 810
Library Services-conditional grant	1 023 667		1 023 667	570 000	(91 113)	(169 679)	(1 332 875)	-
Emergency Housing - Malaga's	33 622		33 622			(28 200)		5 422
Human Settlement Development Grant	224 939		224 939	5 699 508		(1 289 068)		4 635 379
Municipal Replacement Fund	-		-	4 076 000	67 446	(4 143 446)		-
Seta	370 025		370 025	155 679		(270 827)		254 877
Financial Management Support Grant	684 393		684 393	220 000	(24 055)	(702 325)	(178 012)	-
Prov IDP Grant	140 000		140 000			(71 047)	(7 050)	61 904
Municipal Infrastructure Support Grant	175 100		175 100			(153 534)		21 566
Internship Grant	0		0	60 000		(14 969)		45 031
Thusong Service Centre Grant	15 155		15 155					15 155
Municipal Infrastructure support	415 867		415 867			(415 866)		-
Main Road Subsidy	4 630		4 630					4 630
Electricity Master Plan Grant				350 000		(350 000)		-
Total Provincial Government Grants	3 239 814	-	3 239 814	11 131 187	(47 722)	(7 646 961)	(1 598 697)	5 077 620
<u>Other Grant Providers</u>								
Vegetable Project - Barrydale	81 723	-	81 723					81 723
Masabanbane Projects	9 248	-	9 248			(6 298)		2 950
Wesgro	250 000	-	250 000			(58 001)		191 999
Total Other Grant Providers	340 971	-	340 971	-		(64 299)	-	276 672
Total	3 899 257	-	3 899 258	57 282 187	(339 757)	(35 094 760)	(14 242 358)	11 504 569

APPENDIX D - Unaudited
SWELLENDAM LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Unspent 30 JUNE 2017 (Creditor)	Unpaid 30 JUNE 2017 (Debtor)
R	R
-	-
-	-
5 831 948	-
-	-
-	-
318 329	-
6 150 277	-
8 847	-
12 000	-
12 810	-
-	-
5 422	-
4 635 379	-
-	-
254 877	-
-	-
61 904	-
21 566	-
45 031	-
15 155	-
4 630	-
-	-
5 077 620	-
81 723	-
2 950	-
191 999	-
276 672	-
11 504 569	-
